

Institutional Audit Committee Charter

Authority

The University of Texas (UT) System Policy UTS129, *Internal Audit Activities* authorizes the establishment of an Institutional Audit Committee (Audit Committee). Exhibit A of UTS Policy 129 notes, “Each institution will organize and maintain an institutional audit committee.”

Purpose

The Audit Committee at The University of Texas at Arlington (UTA) is an essential part of the risk management and internal control infrastructure of the institution and The University of Texas System (UT System). The primary responsibilities of the Audit Committee are to assist and advise the UT System Audit, Compliance, and Risk Management Committee (ACRMC) and the institution’s President in the following matters:

- Oversight of management activities and processes put in place to manage business and financial risk to the institution’s mission(s) and objectives.
- Oversight and direction of The Office of Audit and Consulting Services to help ensure alignment of activities with areas of high risk and/or high potential for adding organizational value.
- Assist in the oversight and review of external public accounting firms and their results, where needed.
- Evaluation of risks identified by management or through audit, advising management, and elevating reporting of risk management and audit activities to the UT System (through the Office of Audit and Consulting Services or direct processes), including the ACRMC.
- Assist UTA leadership by providing advice and council related to the content, as well as the development and maintenance of an Enterprise Risk and Reward Management (ERRM) program.

Roles

Audit Committee Membership is made-up of internal and external members. The President serves on the Audit Committee, as well as key members of the UTA leadership team. At least three Institutional Audit Committee members, including the Audit Committee Chairperson (Chair), must be external to UTA. The Chair is nominated by the President and approved by the Chair of the ACRMC. External members are expected to serve a three-year term and may be appointed to an additional term.

External Institutional Audit Committee members must be independent and objective. Collectively, external members should have adequate management, financial, technological and/or governance acumen, as well as skills/expertise that appropriately complement the profile of the Institutional Audit Committee. Members of the Audit Committee will be provided an orientation by The Office of Audit and Consulting Services.

The Audit Committee is functionally responsible to the ACRMC and assists the ACRMC in discharging oversight duties for the UT System. The Chairman of the Committee has direct access to the ACRMC Chairman. Typically, the reporting and communication of information is facilitated by the Chief Audit Executive of the UT System.

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Executive Committee

The Executive Committee is a subset of the Institutional Audit Committee. The Audit Committee Chair, Institutional President, Chief Audit Executive and external members make-up this committee.

Meetings

The Audit Committee meets quarterly, with the authority to convene additional meetings as necessary. The meetings should provide for direct communication between the Chief Audit Executive, Chair, the President and other members. Evidence of actions taken by the Audit Committee should be reflected in recorded minutes. A majority of members constitutes a quorum and attendance should be recorded in the minutes.

At least once a year, the Chair will hold a meeting of the Executive Committee. At his discretion, the Chair may excuse the Chief Audit Executive, President and/or other external members from all or a portion of the Executive Session.

Responsibilities

The Audit Committee's specific responsibilities in carrying out its oversight and reporting roles are delineated below.

General	Timing
Meet four times per year (more frequently as circumstances require or at the request of the Chair or President).	Quarterly
Perform the meeting in accordance with agenda prepared by the Chief Audit Executive in consultation with Chair.	Quarterly
The Chief Audit Executive will record meeting minutes. The Committee will approve the minutes.	Quarterly
Review the Audit Committee Charter and assess performance of responsibilities delineated in the charter.	Annually
Perform other functions assigned by ACRMC.	Periodically
Hold an Executive Committee Session (excluding the Chief Audit Executive) to assess the functioning of the Office of Audit and Consulting Services.	Annually

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Oversight of the Office of Audit and Consulting Services	Timing
Review and approve Charter for the Office of Audit and Consulting Services to help ensure it is consistent with the Texas Internal Auditing Act and Standards of the Professional Practice of Internal Auditing.	Annually
Review the risk assessment methodology used in the development of the Office of Audit and Consulting Services' Annual Audit Plan.	Annually
Review and approve the Annual Audit Plan. Ensure appropriate risk coverage.	Annually
Approve changes to the Annual Audit Plan.	Quarterly
Review progress related to the completion of the Annual Audit Plan.	Quarterly
Review completed audit reports.	Quarterly
Review special investigations and/or confidential internal reporting.	Quarterly
Review findings, audit recommendations and management action plans to evaluate adequacy.	Quarterly
Monitor the status of management action plans.	Quarterly
Approve utilization of the Office of Audit and Consulting Services' resources outside the Annual Audit Plan.	Quarterly
Review staffing and organization of the Office of Audit and Consulting Services for appropriateness in relation to UTA and its identified risks. Make recommendations for changes, if needed.	Annually
Review the results of an annual the Office of Audit and Consulting Services' self-assessment.	Annually
Ensure that an external quality assessment review is performed every three years and review the results.	Every Three Years
Provide input to the President for the annual evaluation of the Chief Audit Executive.	Annually
Provide input to the President and UT System Chief Audit Executive on the hiring and dismissal of the Chief Audit Executive.	On-going

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Oversight Of Risk	Timing
<p>Determine that UTA management demonstrates responsibility for identifying and managing business risks; evidenced by clear understanding of these risks and effective response. Business risk responses include but are not limited to formal objectives, oversight mechanisms (metrics, reporting, policies & procedures) and established business functions with capable people, adequate process and sufficient technology.</p>	Quarterly
<p>Review key reports demonstrating the integrity of the institution’s financial statements such as:</p> <ul style="list-style-type: none"> • Certifications by the President and Financial Reporting Officer • Audits of financial information and internal controls • External financial audit results • Report of management processes and tools for assessment and management of fraud 	Quarterly
<p>Review the Enterprise Risk and Reward Management (ERRM) initiative. Where appropriate, provide advice and council related to the content (risks and treatments), as well as the development and maintenance of the program.</p>	Quarterly
Oversight Of External Firms	Timing
<p>Review any external audit firm contractual arrangements with UTA to confirm management compliance with the requirements of Regents’ Rule 20402 Provision of Audit and non-Audit Services by External Firms and the operating rules of the ACRMC of the UT System Board of Regents.</p>	Quarterly
<p>Where needed, review the reports of any external audit firms contracted by the institution to perform financial, reporting, accounting, or internal audit.</p>	Quarterly
<p>Review reports received from the Office of Audit and Consulting Services and Management regarding the State Auditor’s Office audit activities.</p>	Quarterly

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UT System Coordination	Timing
Develop open communication between the President, Chair, members, the System Audit Office, and the ACRM Committee to create collaborative approach for business risk management for the UT System.	Quarterly
Review reports providing the following to the System Audit Office for use by the ACRM Committee in discharging its oversight duties for the UT System: <ul style="list-style-type: none"> ▪ Annual Audit Plan and changes ▪ Status of the Annual Audit Plan and completed engagements ▪ Report of internal confidentially disclosed activity related to internal controls, financial management, or auditing ▪ Priority recommendations and status of priority recommendations ▪ Contracts with external public accounting firms for financial related activity ▪ Other matters as requested by the ACRM Committee 	Quarterly
Chair attends orientation or meetings, as requested by ACRM Committee members.	As Needed

The responsibilities outlined above will be updated periodically by the Audit Committee to reflect changes in UT System guidance, regulatory requirements, authoritative guidance or best practices in business, technology and financial risk management.

APPROVAL

The Institutional Audit Committee Charter was approved December 9, 2021 by the UTA Institutional Audit Committee.