



TABLE OF CONTENTS FOR AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE

Committee Meeting: 2/19/2025

Board Meeting: 2/20/2025
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
A. CONVENE	<i>2:30 p.m.</i> <i>Chairman Perez</i>		
1. U.T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	Discussion	Action	25
2. U.T. System: Report on Enterprise Risk Management for the U.T. Institutions	Report/Discussion <i>Mr. Pruitt</i>	Not on Agenda	26
3. U.T. System: Report on the status of the triennial Systemwide Quality Assessment Review of internal audit activities	Report/Discussion <i>Mr. Peppers</i>	Not on Agenda	33
B. CONVENE JOINT MEETING WITH FINANCE AND PLANNING COMMITTEE	<i>2:45 p.m.</i>		
4. U.T. System: Fiscal Year 2024 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U.T. Austin, U.T.M.D. Anderson Cancer Center, U.T. Southwestern Medical Center, and U.T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO)	Report/Discussion <i>Mr. Pruitt</i> <i>Mr. Peppers</i> <i>Mr. Blake Rodgers,</i> <i>Deloitte & Touche</i>	Not on Agenda	37
C. ADJOURN	<i>3:00 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 222](#).

2. U.T. System: Report on Enterprise Risk Management for the U.T. Institutions

Executive Vice Chancellor Pruitt will report on Enterprise Risk Management for the U.T. institutions and make recommendations for securing the institutions and reducing risk, using the PowerPoint presentation set forth on the following pages.

Update on Enterprise Risk Management (ERM)

Jonathan Pruitt, Executive Vice Chancellor for Business Affairs

U.T. System Board of Regents Meeting
Audit, Compliance, and Risk Management Committee
February 2025



Background

- Over the past year, U.T. System Administration has reviewed our approach to Risk Management including;
 - Enterprise Risk Management (ERM)
 - Traditional Risk Management (Risk Finance / Insurance)
 - Cyber Security
 - Systemwide Compliance
- Interviewed key stakeholders, benchmarked to peers and best practice, and reviewed risk management governance, organizational structure, and process

Review of Current State

- Broad support exists for U.T. System Administration Risk management, Information Security, and Compliance (RISC) Services and the value it provides collaboratively to institutions
- However, its focus is on traditional risk management and does not fully incorporate broad, strategic, and emerging risk capabilities found in Enterprise Risk Management programs that are in line with best practice and peer institutions
- The current state results in a lack of visibility into varied maturity and risk levels across institutions

Future State – Risk Management Governance

- Establish a new ERM capability within RISC services to reflect comprehensive range of risk capabilities including strategic and reputational risks
- Reposition and reconstitute the Risk Management Executive Committee (RMEC) to evaluate and discuss top enterprise risks
- Refresh charter and policies to formalize the incorporation of ERM function and role

Future State – Organizational Structure

- Lead for Risk Management Office (RMO) reports to EVC for Business Affairs who is a member and chair of the Risk Management Executive Committee
- Lead for RMO maintains a dotted reporting line to the Chancellor; enabling strategic discussions and timely escalation of exposure trends

Future State – Risk Management Processes

- Perform annual risk assessment process supported by standard guidance and incorporating risks across institutions
- Develop and implement baseline requirements for U.T. System and institutions
- Define risk appetite for top risk areas; define response plans and metrics, and set minimum expectations for ongoing risk management
- Continue to foster collaboration and leverage best practice at institutions

3. **U.T. System: Report on the status of the triennial Systemwide Quality Assessment Review of internal audit activities**

Chief Audit Executive Peppers will discuss the actions taken to address recommendations from the quality assessment reviews of the internal audit functions across the U.T. System using the PowerPoint presentation set forth on the following pages.

BACKGROUND INFORMATION

The internal audit profession is guided by standards, which require internal audit functions to have external assessments conducted by a qualified, independent assessor or assessment team from outside the organization. Baker Tilly performed this assessment of U.T. System internal audit and reported the results to the Audit, Compliance, and Risk Management Committee on February 21, 2024.

Status Report on U. T. Systemwide Quality Assessment Review of Internal Audit Activities

Mr. J. Michael Peppers, U.T. System Chief Audit Executive

U.T. System Board of Regents Meeting
Audit, Compliance, and Risk Management Committee
February 2025



Background

- Baker Tilly reported on the Independent Validations of the Internal Audit (IA) Functions' Quality Assessment Reviews (QAR) at the February 2024 committee meeting
- All of the institutional and System Administration IA functions received the highest rating (Generally Conforms), except U.T. Permian Basin (Partially Conforms)
- Process may change in future as a result of the new Global Internal Audit Standards

Action Plans for U.T. System Internal Audit

- Connecting with stakeholders
- Evolving the IAC meeting structure and approach
- Expanding skillsets, including developing IT audit expertise
- Refining report templates

4. **U.T. System: Fiscal Year 2024 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U.T. Austin, U.T.M.D. Anderson Cancer Center, U.T. Southwestern Medical Center, and U.T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

See [Item 1](#) of the Finance and Planning Committee.