



AUDIT COMMITTEE CHARTER

Authority

The University of Texas System (UT System) Policy UTS129, Internal Audit Activities, authorizes the establishment of an institutional audit committee. Appendix A, System-wide Internal Audit Charter, states “Each component institution will organize and maintain an institutional audit committee.”

Role

The University of Texas Health Science Center at San Antonio (UTHSCSA) Audit Committee is an essential part of the risk management and internal control infrastructure of the institution and of the UT System. Its primary responsibilities are to assist the President in the:

- Oversight and direction of the internal auditing activity,
- Oversight of the processes to manage business and financial risks,
- Reporting of risk management and audit activity to the UT System, including the Audit, Compliance, and Management Review (ACMR) Committee of the Board of Regents,
- Oversight of institutional engagements that may be performed by UT System or any external public accounting firms hired by UT System, and
- Awareness of and responsibility for UTHSCSA issues that may arise from any UT System financial audit.

Membership

The President shall appoint the members of the Audit Committee, which will include:

- The President, Senior Executive Vice President/Chief Operating Officer, Executive Vice President for Business Affairs/Chief Financial Officer, other appropriate members of senior management, and
- At least one member from outside the institution.

The Chairman is the President or the President’s designee.

Non-voting members of the committee who serve as resources to assist the committee in carrying out its responsibilities shall include:

- Director of Internal Audit (Chief Audit Executive)

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- Assistant Vice President for Institutional Compliance
- Director of UT System Audit or his/her designee
- Representative of the UT System Office of Health Affairs

Education

The Office of Internal Audit, the UT System Audit Office, and the UT System Controller's Office are responsible for providing the Audit 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.

Meetings

The Audit Committee should meet periodically (at least quarterly) as determined by necessity and at the request of the President. The meetings should provide for direct communication between the members and the Director of Internal Audit. Evidence of the discussions 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.

Responsibilities

The Audit Committee's specific responsibilities in carrying out its oversight and reporting roles are delineated in the Audit Committee Responsibilities Checklist. The responsibilities checklist will be updated annually by the Audit Committee to reflect changes in regulatory requirements, authoritative guidance, UT System guidance, and best practices in business and financial risk management. As the compendium of Audit Committee responsibilities, the most recently updated responsibilities checklist will be considered an addendum to this charter.

*Approved by President Francisco Cigarroa, M.D., and the UTHSCSA
Audit/Compliance Committee*

October 15, 2004.

Revised 2/7/08 with new titles of committee members.



AUDIT COMMITTEE RESPONSIBILITIES CHECKLIST

	Quarter Due	Date(s) Completed for FY 2005
General		
Meet at least four times per year (more frequently as circumstances require or at the request of the President)	1,2,3,4	
Have meeting agenda prepared by Director of Internal Audit in consultation with the Chairman of the Audit Committee	1,2,3,4	
Have approved minutes of meetings maintained by Director of Internal Audit	1,2,3,4	
Annually review the Audit Committee Charter and assess performance of the responsibilities delineated in that charter	1	
Perform such other functions as assigned by the Audit, Compliance, and Management Review Committee of the Board of Regents	As Needed	
Oversight of the Internal Auditing Activity		
Approve an Internal Auditing Charter that is consistent with the Texas Internal Auditing Act and the Standards of the Professional Practice of Internal Auditing	1	
Periodically review the Internal Audit Charter to ensure it encompasses any required revisions	1	
Review the risk assessment methodology used to develop the Annual Audit Work Plan to ensure that all applicable business and financial risks have been identified	4	
Review the Annual Audit Work Plan to ensure appropriate coverage for risks identified in the risk assessment, including coverage of significant financial and information systems	4	
Approve the Annual Audit Work Plan and all changes thereto	4	
Review quarterly the status of completion of the	1,2,3,4	

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Annual Audit Work Plan		
Receive the results of all completed internal audit engagements	1,2,3,4	
Receive reports of hotline activity related to internal controls, financial management, internal auditing, or external auditing	As Needed	
Review all significant recommendations and management action plans to address those recommendations	1,2,3,4	
Monitor the status of management action plans for significant recommendations	1,2,3,4	
Approve the utilization of Internal Audit resources outside the Annual Audit Work Plan	As Needed	
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	4	
Request an annual self-assessment by the internal audit function and review the results	1	
Ensure that an external quality assessment is performed at least once every three years and review the results	Triennial	
Provide input to the President for the annual evaluation of the Director of Internal Audit	2	
Provide input to the President on the hiring and dismissal of the Director of Internal Audit	As Needed	
Oversight of External Firms		
Monitor contracting with all external audit firms to ensure compliance with the requirements of BPM 03-02-04, <i>Annual Financial Report</i> , and the operating rules of the ACMR Committee	As Needed	
Review the reports of any external audit firms contracted by the institution to perform financial, reporting, accounting, or audit services	As Needed	
Oversight of the Processes to Manage Business and Financial Risks		
Determine that institution management has assumed responsibility for identifying (risk assessment) and managing (internal controls) the business and financial risks	On-going	

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<p>Ensure the integrity of the institution’s financial statements through the review of:</p> <ul style="list-style-type: none"> • Certifications by the President and Financial Reporting Officer • Internal audits of financial information and internal controls • External financial audits • The methodology used to identify, assess, and manage possibilities for fraud in business and financial processes 	<p>On-going</p>	
<p>Reporting to the UT System Audit, Compliance, and Management Review Committee</p>		
<p>Provide the following to the System Audit Office for use by the ACMR Committee in discharging its oversight duties for the UT System:</p> <ul style="list-style-type: none"> • Annual audit work plan and changes thereto • Status of the Annual Audit Work Plan and completed engagements • Report of hotline activity related to internal controls, financial management, internal auditing, or external auditing • Significant recommendations • Status of significant recommendations • Contracts with external public accounting firms for financial related activity • Other matters as requested by the ACMR Committee 	<p>On-going</p>	