

Texas Tech University System

Audit Committee Charter

Dates Approved or Amended:

- Initial adoption of policy.....08-07-2009*
 - Comprehensive review (no changes).....07-28-2014*
 - Comprehensive review with changes to reflect substantial updates to audit standards
.....11-14-2025*
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PREAMBLE

The Audit Committee Charter (Charter) was adopted by the Board of Regents (Board) of the Texas Tech University System (TTU System) on August 7, 2009, and any subsequent changes to the Charter must be approved by the Board.

INTRODUCTION

The Audit Committee (Committee) of the Board is established pursuant to Section 01.02.8.d(4), *Regents' Rules*. The purpose of this Charter is to provide guidelines for the operation of the Committee to further define its role, duties, and responsibilities.

The Committee plays a key role in fulfilling the Board's governance responsibilities throughout the TTU System and all of its components related to oversight of:

- Accounting and financial reporting practices;
- Effective institutional management practices;
- Internal and external audit activities;
- Risk management processes;
- Achievement of objectives;
- Control environment (accountability, ethical values, stewardship);
- Internal control activities;
- Monitoring; and
- Information and communication (financial and other reporting requirements).

AUTHORITY

The Committee, in fulfilling its oversight role, has the authority to study or investigate any matter within the Committee's scope of responsibilities and shall exercise its duties consistent with the Texas Internal Auditing Act (Texas Government Code Chapter 2102). The Committee will inform the Board of such actions and the results. With the concurrence of the Committee,

the Committee Chair may fulfill certain duties and responsibilities of the Committee and report back the results to the Committee and the Board.

EDUCATION

The TTU System is responsible for providing the Committee with educational resources related to auditing, risk management, accounting principles and practices, compliance and governance, and other information that the Committee may request. The Chief Audit Executive (“CAE”) and the Secretary of the Board will assist the Committee in maintaining literacy in the appropriate areas related to the Committee’s function. New Committee members shall receive orientation regarding their audit oversight responsibilities, and all members shall participate in continuing education relevant to audit, finance, and governance. Education should include updates to the Global Internal Audit Standards™ promulgated by the Institute of Internal Auditors and Generally Accepted Government Auditing Standards (GAGAS).

MEETINGS

The Committee will meet at least quarterly or more frequently as the Board or Committee dictates or as circumstances require. All meetings will be governed by the Texas Open Meetings Act (Chapter 551, *Texas Government Code*).

Periodically as determined by the Committee, the Committee will meet with the CAE in private meetings without senior management present to discuss matters the Committee believes should be discussed privately with the Committee.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee include the following:

- Provide a forum for communication among internal auditors, management, external auditors, and the Board on issues related to the areas described in the introduction section above.
- Oversee senior management’s development, implementation, and execution of policies and procedures that promote accountability, ethical values, and sound control practices. The Office of Audit Services will be accountable to the Board through the Committee for objectively evaluating risk management, control, and governance processes.
- Request and review information from the Chancellor and Presidents, the CAE, and external auditors about significant risks or exposures within TTU System, and assess the adequacy of management’s actions to identify, assess, and mitigate identified risks through strong control activities, information and communication processes, and ongoing monitoring processes. Require the CAE to provide a periodic (at least biennial) assessment of TTU System components’ risk management processes.
- The Committee will make recommendations for the selection of external auditors or may delegate such authority to the CAE.
- Review with senior management and/or the CAE:

- The annual financial statements of TTU System and its components;
 - Any significant changes in generally accepted accounting principles (GAAP) or TTU System accounting policies that may impact the financial statements;
 - Any legal or regulatory matters that may have a material impact on the financial statements; and
 - Any related internal or external audit work performed.
- Related to audits or other engagements performed by external auditors, review with the external auditors and/or the CAE:
 - Results of the engagement, which may include audited financial statements, an opinion letter, or other reports issued by the external auditors;
 - Any material adjustments to the financial statements;
 - Significant findings or recommendations; and
 - Management letters issued by the external auditors, together with responses for addressing issues noted.
 - In consultation with the CAE, review and approve the annual audit plan, as well as any significant changes to the plan as a result of changing risks or other circumstances. Review and approve the long-term internal audit strategy prepared by the CAE, consistent with the Global Internal Audit Standards™, and confirm that it is aligned with the TTU System’s strategic goals and institutional objectives.
 - Confirm compliance with statutory reporting and public-posting obligations:
 - Review the Annual Internal Audit Report prior to submission and ensure it is filed by November 1 with the State Auditor’s Office, the Governor’s Office, and the Legislative Budget Board, in accordance with Texas Government Code §2102.009.
 - Ensure the annual audit plan and annual internal audit report are posted on the TTU System website in accordance with Texas Government Code §2102.015.
 - Review audit performance metrics / key performance indicators (KPIs) developed by the Office of Audit Services and reviewed with the Committee, which may include audit cycle times, report timeliness, resolution rates of findings, and other measures of efficiency and effectiveness.
 - Ensure the CAE maintains a Quality Assurance and Improvement Program (QAIP) in conformance with Global Internal Audit Standards™ and GAGAS standards, and that the results of the external quality assessment (EQA) are reported to and reviewed by the Committee.
 - Require the CAE to report at least annually to the Committee on the Office of Audit Services’ conformance with the Global Internal Audit Standards™.
 - Review with the CAE and senior management:

- Significant audit issues and senior management's responses thereto;
 - Status of senior management's action plans to address prior audit issues;
 - Any difficulties encountered in the course of performing audits, including restrictions on the scope of work and access to required information;
 - The Office of Audit Services budget and staffing;
 - The Office of Audit Services' compliance with Generally Accepted Government Auditing Standards (GAGAS) and the Global Internal Audit Standards™, as required by Texas Government Code §2102.011; and
 - The TTU System's fraud prevention program and any significant results from investigations of fraud, waste, and abuse.
- Promote an atmosphere of open communication and cooperation with the State Auditor's Office to utilize the knowledge of the State Auditor in assessing control activities, management, internal audit function, and the impact of each one on the quality and reliability of the TTU System's operations, outcomes, and results.
 - Conduct executive sessions as authorized by law. Such sessions may include the CAE and external auditors, without senior management present, to encourage open discussion
 - Formally evaluate the CAE's performance on an annual basis, including a review of related compensation, to be completed no later than March of each fiscal year.
 - Report Committee actions to the Board with any recommendations the Committee may deem appropriate.