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FOR  
AUDIT, COMPLIANCE, AND RISK MANAGEMENT  
COMMITTEE**

**Committee Meeting: 5/3/2023**

**Board Meeting: 5/4/2023**  
Austin, Texas

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

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:15 p.m.</i> <i>Chairman Perez</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>27</b>
2. <b>U. T. System: Report on the results of the Fiscal Year 2022 U. T. Systemwide Endowment Compliance Program</b>	<b>Report/Discussion</b> <i>Dr. Safady</i>	Not on Agenda	<b>28</b>
<b>Adjourn</b>	<i>2:45 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

No [Consent Agenda](#) items are assigned for review by this Committee.

2. **U. T. System: Report on the results of the Fiscal Year 2022 U. T. Systemwide Endowment Compliance Program**

REPORT

Vice Chancellor Safady will report on the U. T. Systemwide Endowment Compliance Program for the fiscal year ended August 31, 2022, using a PowerPoint presentation set forth on the following pages.

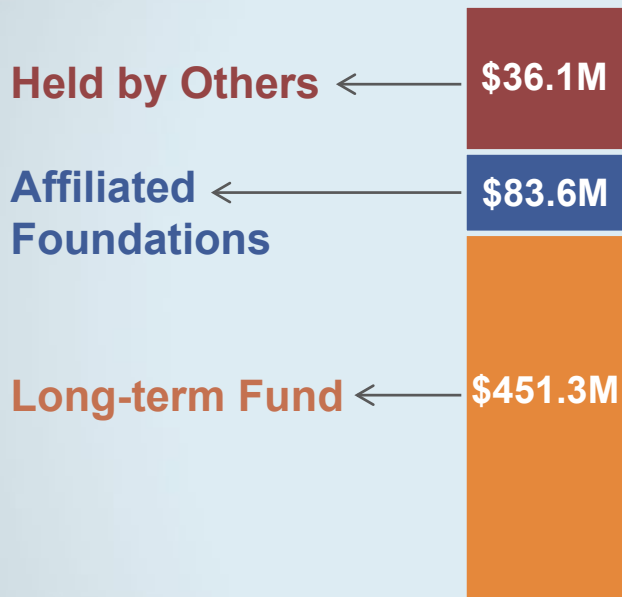
# Systemwide Endowment Compliance Report, FY 2022

Dr. Randa Safady, Vice Chancellor for External Relations, Communications and Advancement Services

UT System Board of Regents Meeting  
Audit, Compliance, and Risk Management Committee  
May 2023



# Impact of Endowment Distributions in FY 2022



Endowment distributions from these three sources provided \$571.0M in support for faculty, students, research and programs.



# Purpose of Endowment Compliance Program

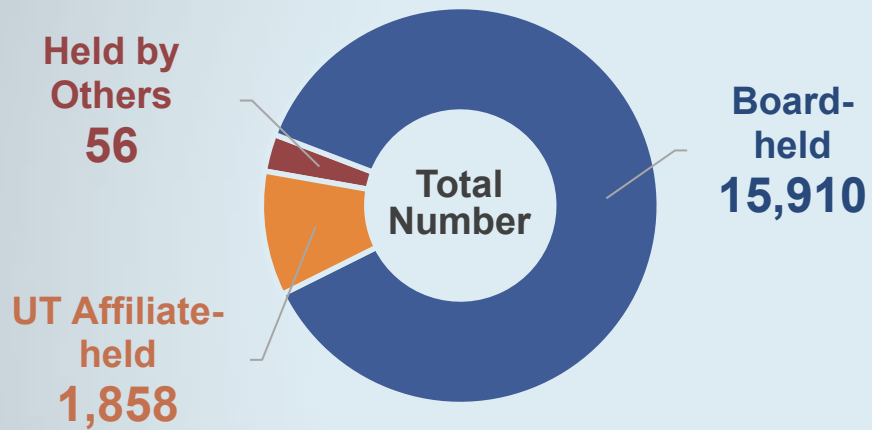
- UT System Board of Regents' Rule 60102:

*"...Administration and management of the endowments are the joint responsibility of the UT System and each institution."*

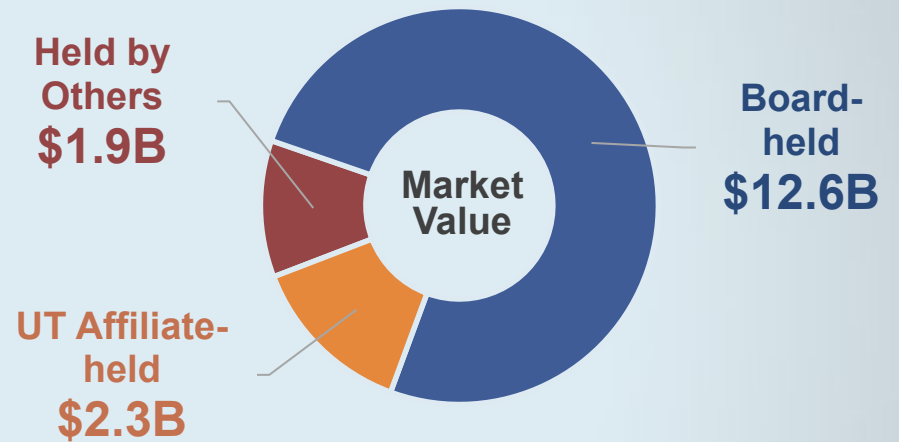
- To **honor donor intent** by the appropriate use of gift funds, confirmed by timely reporting
- To **utilize endowment resources** most effectively
- To **standardize management** of endowments
- To **ensure awareness** of compliance issues across UT institutions
- To **encourage philanthropy** through donor trust



# FY 2022 Total UT Systemwide Endowments



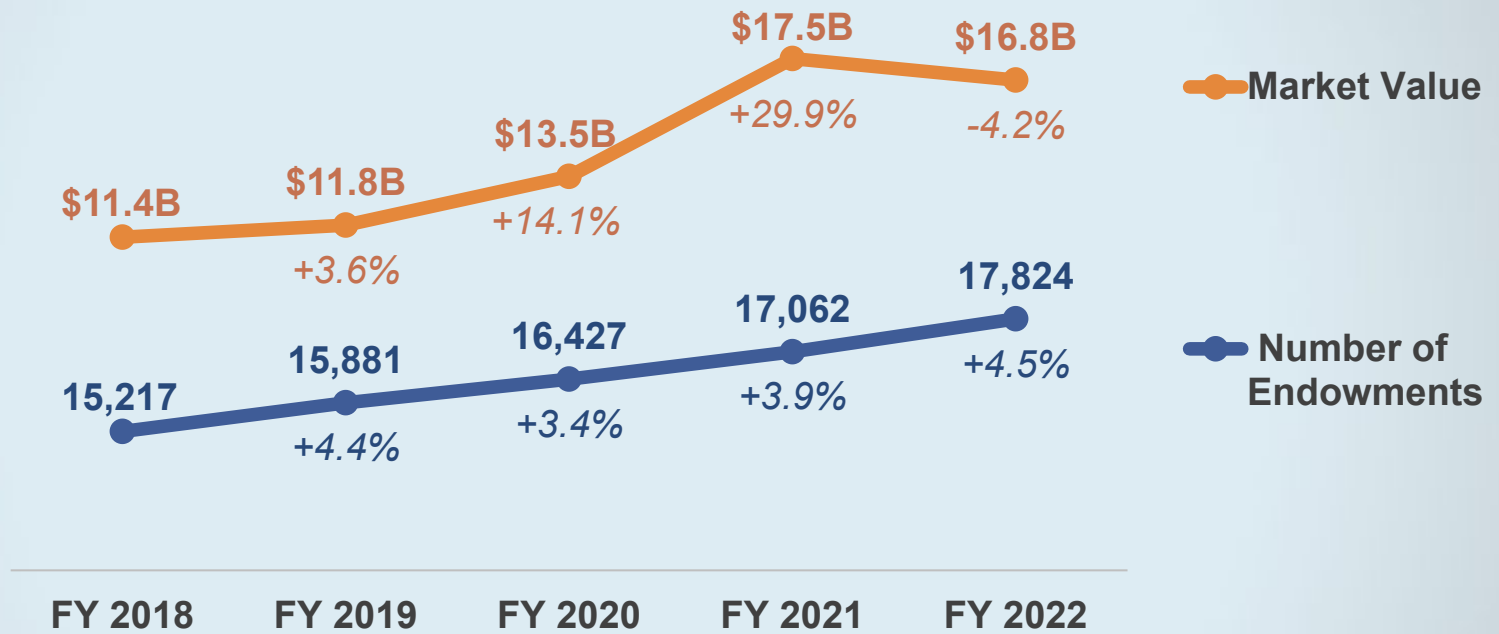
17,824 total endowments held by Board and external entities



\$16.8 billion in total market value



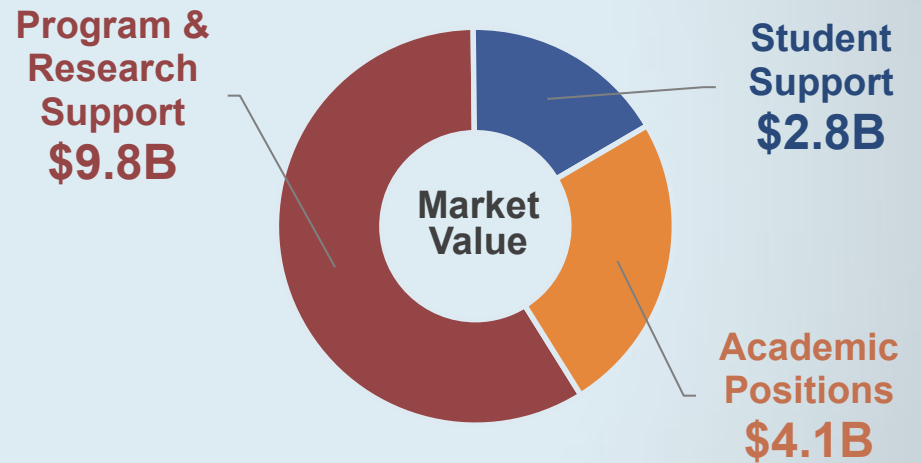
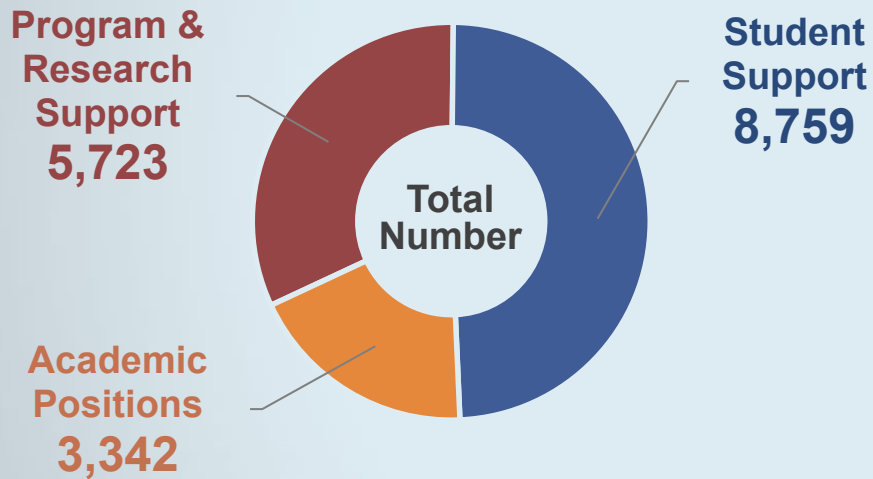
# Total Endowments: Five-Year Trends





# Total Endowments by Type

Endowments typically fall into three categories: Student Support, Academic Positions, and Program/Research Support.



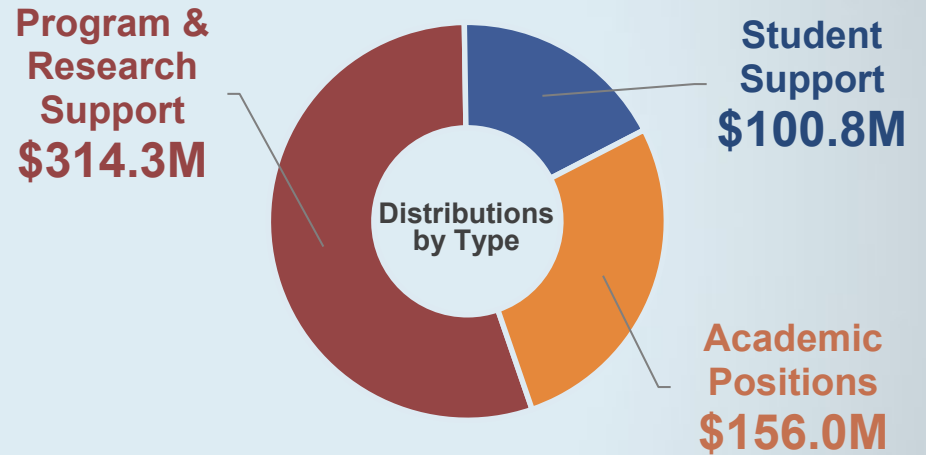
The University of Texas System

# Total Endowments: FY 2022 Distributions

A total of \$571.0 million\* was distributed from endowments:

- \$451.3 million from Board-held endowments
- \$119.7 million from UT affiliate-held and held by others

\* Distributions do not include amounts that were reinvested



# Annual Report: Primary Risks and Activities Addressed

Annual review of between 20% to 100% of all endowments annually, with emphasis on primary risk factors and other essential activities.

## Primary Risks Monitored:

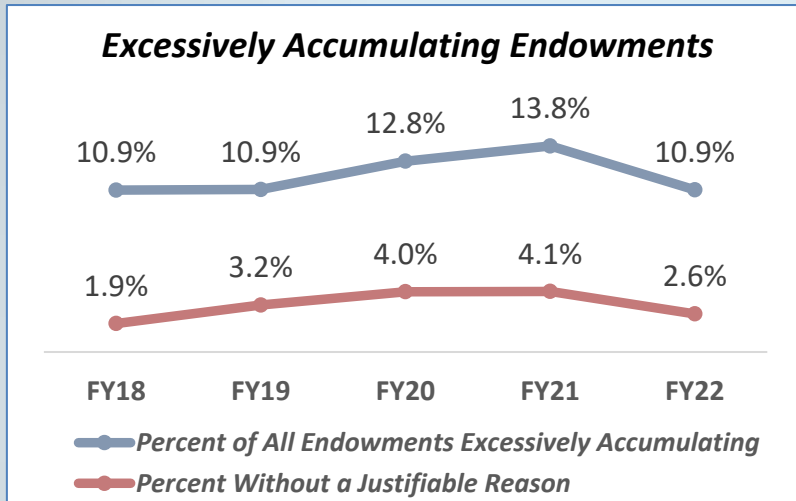
- Excessive accumulation of distributions
- Incorrect spending of distributions
- Non-spending of distributions
- Fully funded academic positions unfilled for 24+ months
- Unawarded scholarships and graduate fellowships

## Other Activities Addressed:

- Donor reporting
- Meetings of an internal endowment compliance committee
- Training of institution staff

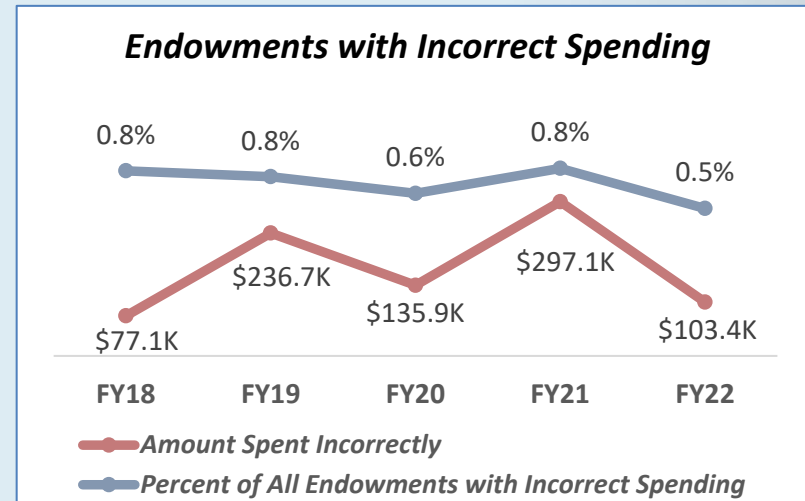
Each institution submits its assessment to the UT System Administration annually, including responses to significant findings or negative trends.

# Risks Monitored: Summary of Findings FY 2022



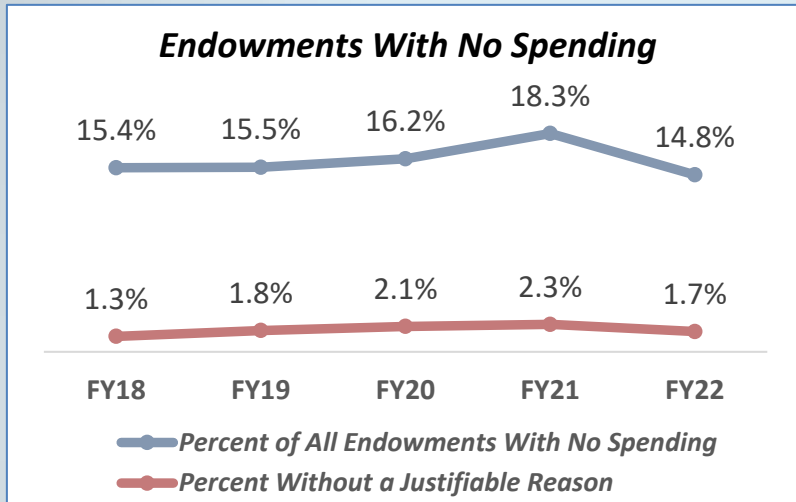
# reviewed:	7,787
# excessively accumulating without a justifiable reason:	199 (2.6%)*
Total accumulated balance:	\$19.7M

\*endowments identified and being addressed by institutions



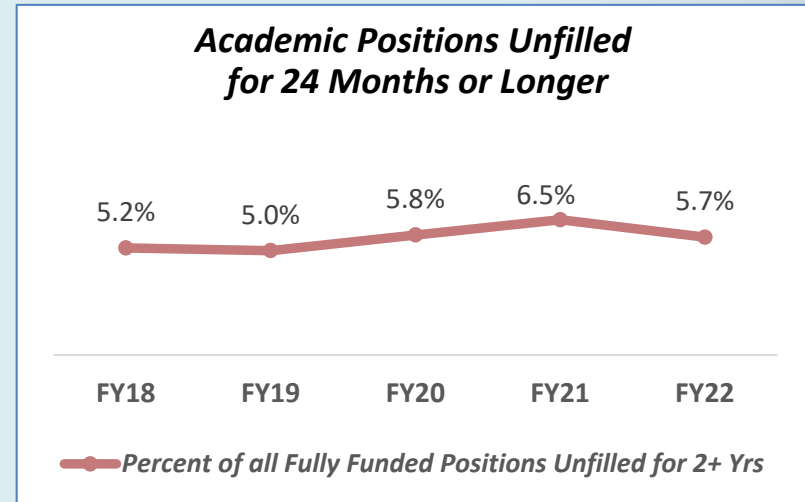
# reviewed:	8,226
# endowments with incorrect spending:	45 (0.5%)*
Total amount initially spent incorrectly:	\$103.4K

# Risks Monitored: Summary of Findings FY 2022 (cont.)



# reviewed:	7,787
# unspent without a justifiable reason:	132 (1.7%)*
Total annual distributions:	\$1.2M

\*endowments identified and being addressed by institutions

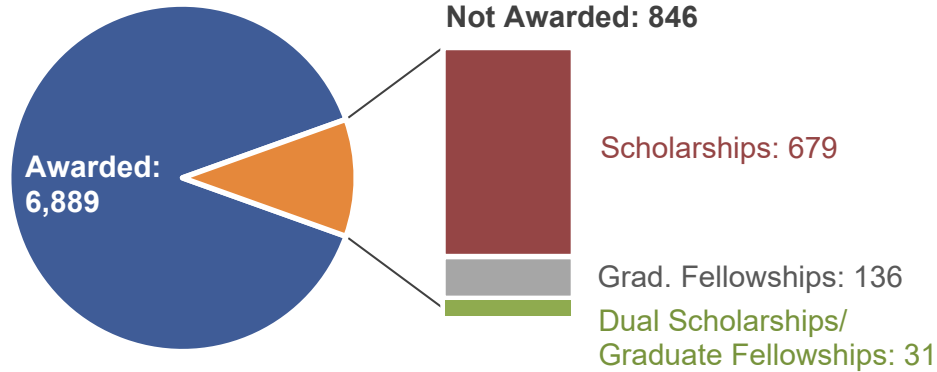


Total # fully funded academic positions:	3,175
# unfilled for 2+ years:	180 (5.7%)*



# Risks Monitored: Summary of Findings FY 2022 (cont.)

## Unawarded Student Support Endowments



<i>Fiscal Year</i>	<i>% Unawarded</i>
FY 2020	12.3%
FY 2021	12.3%
FY 2022	10.9%

# Other Activities Addressed in FY 2022

## Donor Reporting:

- 99.9% of known endowment donors or honorees received an annual report detailing the use of the endowment's distributions and a comprehensive financial statement (13,398 endowments)

## Institutional Endowment Compliance Committee:

- Each institution maintains an internal committee charged with overseeing endowment compliance from an institutional perspective
- The committees include representation from the offices of development, compliance and/or audit, business, financial aid, and various academic and health departments

## Staff Training

- Institution staff members with endowment administration responsibilities at any level are expected to receive training on endowment administration and compliance at least every two years

