

The University of Texas at Dallas

INSTITUTIONAL ENDOWMENT COMPLIANCE PLAN

FEBRUARY, 2002

3rd Revision November 2006 Approved: December 1, 2006

PURPOSE

The University of Texas at Dallas (UTD) seeks and receives private sector contributions for the purpose of establishing endowments to fulfill the vision, mission and goals of the institution. Endowments are designated for student scholarships and fellowships, support of endowed faculty positions, and for programmatic purposes. The purpose of an endowment compliance program is to maintain the highest level of fiduciary responsibility and stewardship between the university and the endowment donor.

OBJECTIVES

- Adherence to UTD and The University of Texas System (U. T. System) *Gift Acceptance Procedures* associated with the establishment of endowments
- Adherence to the terms of the official endowment agreement between the donor(s) and UTD
- Ensure that funds are properly used in accordance with applicable federal and state regulations and U. T. System and UTD policies and guidelines
- Keep cash distributions from accumulating
- Keep endowed faculty positions filled
- Provide high quality, annual reports to donors and other stakeholders

DESIGNATED ENDOWMENT EXECUTIVE

The UTD **vice president of development (VP development)** is the designated **endowment compliance executive** who will ensure that the institution's endowments are in compliance. The vice president for development has designated the **assistant vice president of development (AVP development)** to assume the **day-to-day responsibility** of ensuring that the institution's endowments are

in compliance. Under the direction of the AVP of development the **director of endowment services and compliance (director)** will develop and implement the **monitoring, training, and reporting functions** of the endowment compliance plan.

ENDOWMENT COMPLIANCE COMMITTEE

The president appoints the endowment compliance executive who is delegated the responsibility for appointing members to the Endowment Compliance Team (Team). This Team consists of representatives of the **Office of Development**, the **Business Affairs Office**, the **Office of the Provost**, the **Office of Audit and Compliance**, and **Office of Student Affairs**. The UTD endowment compliance program is a component of the university's institutional compliance program.

Under the leadership of the VP of development/endowment compliance executive, the Team is responsible for considering the endowment compliance effort from a broad institutional perspective and for reviewing and revising the institution's endowment compliance plan as indicated. The Team will forward recommendations and comments regarding the endowment compliance initiative to the president for review and approval at intervals determined by the Team and as requested by the president.

ANNUAL ENDOWMENT RISK ASSESSMENT

Under the leadership of the AVP of development and in consultation with the Team, the director will conduct an annual endowment risk assessment. The risk assessment plan will be developed by the director in collaboration with the Office of Audit and Compliance. This risk assessment plan will be approved by the Team and the Office of Audit and Compliance.

The risk assessment will take into account the laws, regulations, policies, and procedures to which endowments are subject, and specific endowments may be judgmentally or randomly selected for review. The assessment may assess risk through a special review of all endowments or those in a specific category, e.g., unfilled endowed faculty positions or those with excess accumulation of endowment cash distributions. In addition, the assessment might focus on endowments for which non-compliance would result in risk to the achievement of the university's strategic plan and goals or extraordinary public concern. Other factors may be reviewed as identified in the implementation of the university's overall compliance and risk management plans.

ENDOWMENT COMPLIANCE TRAINING PROGRAMS

The endowment compliance training program is developed and implemented for personnel associated with endowment administration and compliance across the institution by the director. The director, in collaboration with the AVP for development, will periodically review and revise the training program as indicated.

All endowment administrators and endowed faculty position holders are oriented to the endowment compliance plan and the terms of endowment(s) under their purview. In addition, continuing endowment compliance training for executive management, deans, department heads, and their administrative staff is conducted on a one-to-one basis or in a group setting, as indicated, to reduce the incidence of non-compliance.

Endowment compliance orientation and training includes, but is not limited to, a review of the following:

- Endowment agreement purpose and terms
- Applicable laws, regulations, policies and guidelines
- Risk assessment and monitoring processes
- Reporting requirements

MONITORING PROGRAM FOR ENDOWMENTS

The director, under the direction of the AVP of development, develops and implements an ongoing monitoring plan for each endowment high risk area. The Team reviews and approves the plan which includes a description of activities that will be performed in order to reduce the risks for non-compliance for endowments. The director monitors the endowment accounts according to the plan and reports results of the monitoring activities to the Team at least quarterly. The director also recommends action plans to correct any incidences of non-compliance. These plans, if approved by the Team, are implemented accordingly.

Monitoring includes, but is not limited to, review of endowment financial transactions and account status compared to endowment agreements and applicable laws, regulations, policies and procedures. Specific transactions monitored include:

- Expenditures
- Account Transfers
- Revenues
- Reinvestments of endowment distributions
- Account Balances

ENDOWMENT REPORTING PLAN

The endowment reporting plan is developed and implemented by the director as approved by the Team. This reporting plan includes:

- *Report of Use:* completed by the endowment administrator for each endowment annually. The *Report of Use* will consist of a summary of activities funded by the cash distributions from the endowment for each fiscal year.

- *Donor Report*: prepared and provided to the known donor(s) and/or stakeholder(s) for each endowment annually. The *Donor Report* will contain, at a minimum, a summary of the major activities funded by the cash distributions from the endowment and an annual financial report of the endowment investment prepared by the University of Texas Investment Management Company (UTIMCO).
- *Compliance Review Report*: prepared by the director and provided to the endowment administrator for each endowment annually. Interim reports will be prepared and distributed as indicated by the compliance status of each account. The *Compliance Review Report* provides a summary of the endowment's compliance status and risk assessment ranking.
- Endowment compliance reports are submitted to the Team for review/approval and then submitted to the Office of Audit and Compliance as required, usually quarterly.
- Copies of endowment reports will be maintained and/or distributed according to the *Record Maintenance Guidelines* in Appendix A.

ENDOWMENT COMPLIANCE ANNUAL REPORT TO THE U.T. SYSTEM

Reports on endowment compliance, approved by the Team and signed by the president, will be sent to the vice chancellor of external relations U. T. System or his/her designated representative as required, usually annually. This report summarizes the endowment compliance activities of UTD and certifies that the institution is in compliance with the endowment compliance standards established by U. T. System. Since UTD receives funding from an endowment compliance assessment approved by the Board of Regents and administered by UTIMCO, the UTD report shall certify that the funds received from the assessment are expended on activities and personnel that are directly associated with the endowment compliance effort.

REFERENCES

DATE	DESCRIPTION	SUBJECT
	http://www.utsystem.edu/bor/rules/60000Series/60102%202004%2012%2010%2001.pdf	Endowment Compliance Fee
June 1, 2006	UTD Gift Acceptance Procedures	Processing new endowment gifts
	UTD Records Management Policies http://www.utdallas.edu/utdgeneral/business/admin_manual/pdf/a11000.pdf http://www.utdallas.edu/utdgeneral/business/admin_manual/pdf/A11050.pdf	Record retention
7/2006	Endowment Risk Assessments	Risk/Compliance Monitoring
August 9, 2004	Endowment Policy Guidelines: B4-130.0 http://www.utdallas.edu/utdgeneral/business/admin_manual/pdf/B41000.pdf	Management of endowment distributions
	U.T. System Board of Regents Rules and Regulations, Series 60201 and 60202 http://www.utsystem.edu/bor/rules/60000Series/60101%202004%2012%2010%2001.pdf	Accepting and administering endowment gifts
October 3, 2001	Sections 44, 47 and 48 of Article III of Senate Bill I, 77th Texas Legislature is available here: http://www.lbb.state.tx.us/Bill_Archive/Bill-77R_(02-03)_Final_0501.pdf , pages III-244 & 245, or pages 495 and 496 of the pdf document. The amended sections are Sections 39, 42 and 43 of House Bill I, 78th Texas Legislature, available here: http://www.lbb.state.tx.us/Bill_78/7_FSU/78-7_Art03-d_1003.pdf , page III-269, or page 63 of the pdf document.	Unfilled faculty positions; non-awards for scholarship endowments; reducing programmatic funding

