



University of North Texas System

Board of Regents

Audit Committee Meeting Agenda

July 31, 2019

University of North Texas System, Room 712
1901 Main St.
Dallas, TX 75201

The Audit Committee of the UNT System Board of Regents will convene a Special Called meeting on July 31 2019, according to the following agenda. Agenda matters are of sufficient urgency to be considered prior to the next regularly scheduled meeting of the Audit Committee on August 15, 2019.

The Audit Committee is posted as an individual meeting of a Board committee; however, any members of the Board may attend committee meetings. Because some Board members who are not committee members may attend committee meetings and thereby create a quorum of the full Board, the meeting of the Audit Committee is also being posted as a meeting of the full Board.

Wednesday, July 31, 2019

9:00 a.m. Call to Order

Recess Committee to Executive Session – Room 711

Government Code, Chapter 551, Section .074 - Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Discipline, or Dismissal of Officers or Employees

- Consideration of individual personnel matters related to the performance objectives, performance evaluation, and compensation of the Chief Audit Executive, and possible action
- Consideration of individual personnel matters related to the appointment, employment, evaluation, reassignment, discipline and dismissal of System and Institution officers or employees

Government Code, Chapter 551, Section .071 - Consultation with Attorneys Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers

- Consultation with counsel regarding confidential legal matters, including pending, threatened, and contemplated litigation or settlement offers

- Consultation with counsel regarding contemplated, ongoing and/or finalized investigations and any findings, conclusions or recommendations related to those investigations
- Consultation with counsel regarding audits and any findings, conclusions or recommendations related to those audits

Reconvene Committee in Open Session – Room 712

Action Item:

UNTS Approval of the FY20 UNTS Internal Audit Plan

Briefings:

FY20 Compliance Risk and Assessment Plan

- Tim Willette, UNTS and UNTD, Chief Compliance Officer
- Clay Simmons, UNT, Chief Compliance Officer
- Desiree Ramirez, UNTHSC, Chief Compliance and Integrity Officer

Investigations Summary Log

- Lesa Roe, UNTS, Chancellor

External Review of Internal Audit

- Lesa Roe, UNTS, Chancellor

12:00 p.m. Adjourn

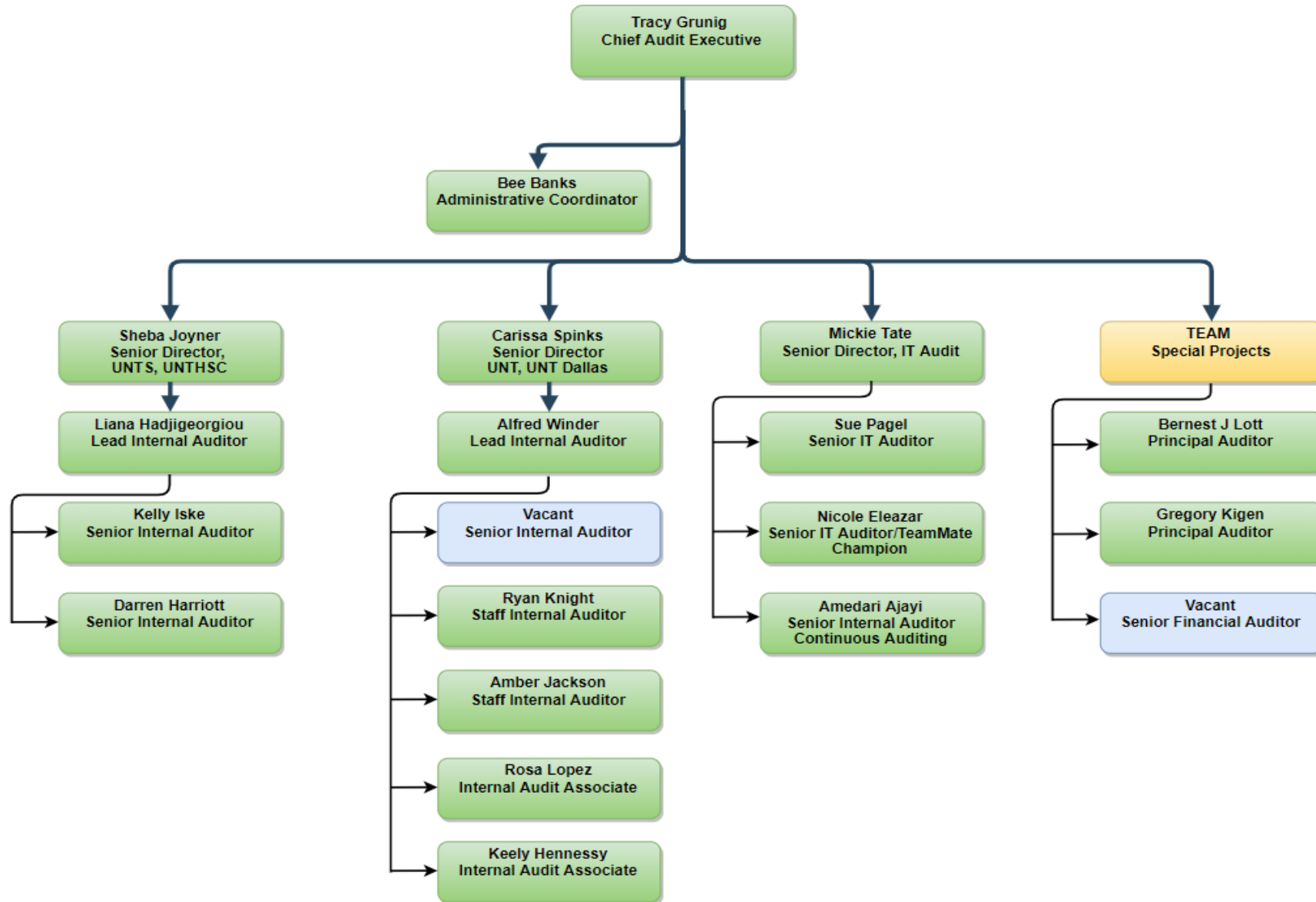
UNT System Internal Audit FY20 Annual Internal Audit Plan

Presented by Tracy Grunig

July 31, 2019



UNTS IA Organizational Chart



Recap of FY19 Internal Audit Activity

	Title of Audit	Description and Audit Objectives	Status	Component Institution				Identified Risk
				UNT System	UNT	UNTHSC	UNT Dallas	
FY18 Audits Requiring FY19 Audit Hours:								
	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	Issued Nov 2018		X			Compliance; Reputational; Financial; Operational; Regulatory
	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	Issued Nov 2018		X			Compliance; Reputational; Financial; Operational; Regulatory
U	Home Instruction for Parents of Preschool Youngsters (HIPPPY)	Assess compliance with the sponsor’s terms and conditions in the carrying out of the Texas HIPPPY Corp project.	Issued Nov 2018		X			Compliance; Reputational; Financial; Operational; Regulatory
	Kristin Farmer Autism Center	Review and determine if controls for revenue collection, purchasing, travel, and operational expenditures comply with University/System policies and regulations.	Issued Nov 2018		X			Compliance; Reputational; Financial; Operational; Regulatory
	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	Issued Nov 2018			X		Compliance; Reputational; Financial; Operational; Regulatory
	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	Issued Nov 2018			X		Compliance; Reputational; Financial; Operational; Regulatory
U	UNT Financial Aid Processes	Assess processes and procedures related to financial aid practices, training, and compliance with federal regulations, University policies and best practices.	Issued Feb 2019		X			Compliance; Reputational; Financial; Operational; Regulatory
U	Home Instruction For Parents of Preschool Youngsters (HIPPPY) Management Advisory	Provide management with ongoing support in communications to sponsor and guidance in the successful transition of program director and principal investigator leadership.	Issued Feb 2019		X			Compliance; Reputational; Financial; Operational; Regulatory
U	Security Camera	Review effectiveness of security camera coverage; security of physical and logical access to the cameras and systems that support the cameras.	Issued Feb 2019				X	Information Technology; Reputational; Operational

Recap of FY19 Internal Audit Activity

	Title of Audit	Description and Audit Objectives	Status	Component Institution				Identified Risk
				UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY19 Audit Hours:								
	Investments	Evaluate whether controls surrounding the investing activities are effective; as well as adherence with System Regulation 08.2000, UNT System Board of Regents Rule 10.100, and Public Funds Investment Act (PFIA) including State Auditor’s Office (SAO) Article III, Rider 5 reporting requirements.	Issued Feb 2019	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
	Chancellor’s/President’s Expenditure Reviews	Evaluate whether travel, entertainment, and business expenses are in compliance with System/University policies, employment agreement provisions, state, and federal laws as required by employment agreements.	Issued Feb 2019	X	X	X	X	Compliance; Reputational; Financial; Operational
	EIS Role Based Access	Determine if role based access exists within EIS and if segregation of duties conflicts exist within and between assigned roles.	Issued Feb 2019	X				Information Technology; Financial; Operational
	External Audit Fieldwork Assistance - Grant Thornton	Internal Audit assistance with the annual audit of UNTS financial statements for FY18.	Issued Feb 2019	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
	Federal Reporting	Ensure required federal reports are submitted timely, accurately and completely.	Issued May 2019			X		Compliance; Reputational; Financial; Operational; Regulatory
	Libraries Dean Transition	Review and determine whether processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	Issued May 2019		X			Compliance; Reputational; Financial; Operational
	Self-Funded Enterprise Departments	To ensure departmental activities are helping accomplish the department’s goals/objectives and revenue resources obtained are used appropriately.	Issued May 2019			X		Compliance; Reputational; Financial; Operational; Regulatory

Recap of FY19 Internal Audit Activity

	Title of Audit	Description and Audit Objectives	Status	Component Institution				Identified Risk
				UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY19 Audit Hours: (continued)								
	College of Health and Public Service Dean Transition	Review and determine whether processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	Issued May 2019		X			Compliance; Reputational; Financial; Operational
	College of Merchandising, Hospitality & Tourism Dean Transition	Review and determine whether processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	Issued May 2019		X			Compliance; Reputational; Financial; Operational
U	UNT Dallas Financial Aid Processes	Assess processes and procedures related to financial aid practices, training, and compliance with federal regulations, University policies and best practices.	Issued May 2019				X	Compliance; Reputational; Financial; Operational; Regulatory
	Control Self Assessment – Asset Management & Human Resources	Assess the adequacy of internal controls; identifying potential areas of weakness, non-compliance, and/or unsound practices; and determining whether revenues are identified, managed, and reported in accordance with University policy and state law.	Issued	X				Compliance; Reputational; Financial; Operational; Regulatory
	THECB Facilities Certification	Determine whether the projects and acquisitions of real property that were submitted to THECB received the required approvals, re-approvals or review, and were completed in accordance with rules established by the Texas Administrative Code and within the parameters specified in the project applications.	Issued May 2019				X	Compliance; Reputational; Financial; Operational; Regulatory
	UNTHSC Security Camera	Review effectiveness of security camera coverage, security of physical and logical access to the cameras, and systems that support the cameras.	Final Draft Report August 2019 AC			X		Information Technology; Reputational; Operational

Recap of FY19 Internal Audit Activity

	Title of Audit	Description and Audit Objectives	Status	Component Institution				Identified Risk
				UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY19 Audit Hours: (continued)								
	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	Final Draft Report August 2019 AC				X	Compliance; Reputational; Financial; Operational; Regulatory
	UNT Dallas Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	Final Draft Report August 2019 AC				X	Compliance; Reputational; Financial; Operational; Regulatory
U	Residence Hall Key Card Access	Assess the security posture of the card key access system that controls access to the residence hall.	Final Draft Report August 2019 AC				X	Compliance; Reputational; Operational; Regulatory
	Senate Bill 20 Mandated Internal Audit	Internal Audit is required under SB 20 regulations to review contracting process for adherence to requirements on annual basis.	Final Draft Report August 2019 AC		X	X	X	Compliance; Reputational; Financial; Operational
	Student-Managed Investment Fund (SMIF)	Assess compliance with the donor agreement between UNT and Colonel Guy M. Cloud, Jr. related to SMIF.	Final Draft Report August 2019 AC		X			Compliance; Reputational; Financial; Operational
U	UNTHSC Correcting Journal Entries	Ensure there is an adequate system of internal controls over correcting journal entries; that they are reasonable, have appropriate support documentation and appropriate approvals, and are recorded in compliance with budgeting and accounting standards.	Draft Report			X		Compliance; Reputational; Financial; Operational; Regulatory
	Data Classification and Protection of Information	Determine if data classification is being performed and if the data is being protected in accordance with the level of security required for the classification assigned.	In-Process		X			Information Technology; Compliance; Reputational; Operational
U	UNT Dallas Caruth Police Institute Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory.	In-Process				X	Compliance; Reputational; Financial; Operational; Regulatory

Recap of FY19 Internal Audit Activity

	Title of Audit	Description and Audit Objectives	Status	Component Institution				Identified Risk
				UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY19 Audit Hours: (continued)								
	Benefits Proportionality	Assess the processes and controls related to completion of Form APS 011 as required by the General Appropriations Act, Article IX, Section 6.08, Benefits Paid Proportional by Fund.	In Process		X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
	College of Law Business Processes	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory is in compliance with University/System policies and regulations.	In Process				X	Compliance; Reputational; Financial; Operational
	System Accessibility and Availability Uptime	Determine if outages are occurring to the network and if so, what systems are impacted, user community affected and determine if published Service Level Agreement's (SLAs) are being met.	In Process	X				Information Technology; Financial; Operational
	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	In Process		X	X		Compliance; Reputational; Financial; Operational; Regulatory
	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	In Process		X	X		Compliance; Reputational; Financial; Operational; Regulatory
U	College of Engineering Dean Transition	Review and determine whether processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	In Process		X			Compliance; Reputational; Financial; Operational
U	UNT Dallas TRIO Program	Review UNT Dallas TRIO Program for compliance with background checks and training requirements based on emerging risks involving programs with minors.	In Process				X	Compliance; Reputational; Financial; Operational; Regulatory

Recap of FY19 Internal Audit Activity

	Title of Audit	Description and Audit Objectives	Status	Component Institution				Identified Risk
				UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY19 Audit Hours: (continued)								
	Office of Innovative Continuing Education Delivering Outcomes (INCEDO) - Course Development / Fee Revenue & Operational Audit	Review and evaluate payments for development and delivery of continuing education courses; and evaluate departmental expenditures using funds to assess compliance with University policy and state law. Additionally, determine whether revenue rates are appropriate and financial resources obtained are utilized correctly.	Deferred to FY20			X		Compliance; Financial; Regulatory
	Disaster Recovery	To review disaster recovery plans to ensure plans have been tested and are in accordance with published SLA's to the University.	Deferred to FY20	X				Information Technology; Compliance; Reputational; Financial; Operational
	School of Medicine Review	To identify and ensure a foundational analysis of policies and practices between HSC and TCU is performed.	Deferred to FY20			X		Reputational; Operational
	Student Fees	Determine whether fees are charged, authorized, recorded, and expended in compliance with University policies and State laws.	Deferred to FY20				X	Compliance; Reputational; Financial; Operational; Regulatory
	Physician Compensation Model	To ensure physician compensations based on the model are recorded accurately, completely and paid timely.	Deferred to FY20			X		Financial; Operational
	Data Validation Controls - Employee Benefits (TRS/ORP)	To test the recorded retirement elections of full time employees of UNT System and Institutions to ensure they are proper based on policy, employee selection and positions. Validate that election options on electronic forms have the necessary controls and validations in place to ensure elections are input correctly.	Deferred	X				Compliance; Reputational; Financial; Operational; Regulatory
	Employee Benefits Percentage Deductions	To determine whether the employee percentage deduction amounts and employee contributions are in accordance with plan provisions and whether they are accurately recorded.	Deferred	X				Compliance; Reputational; Financial; Operational; Regulatory

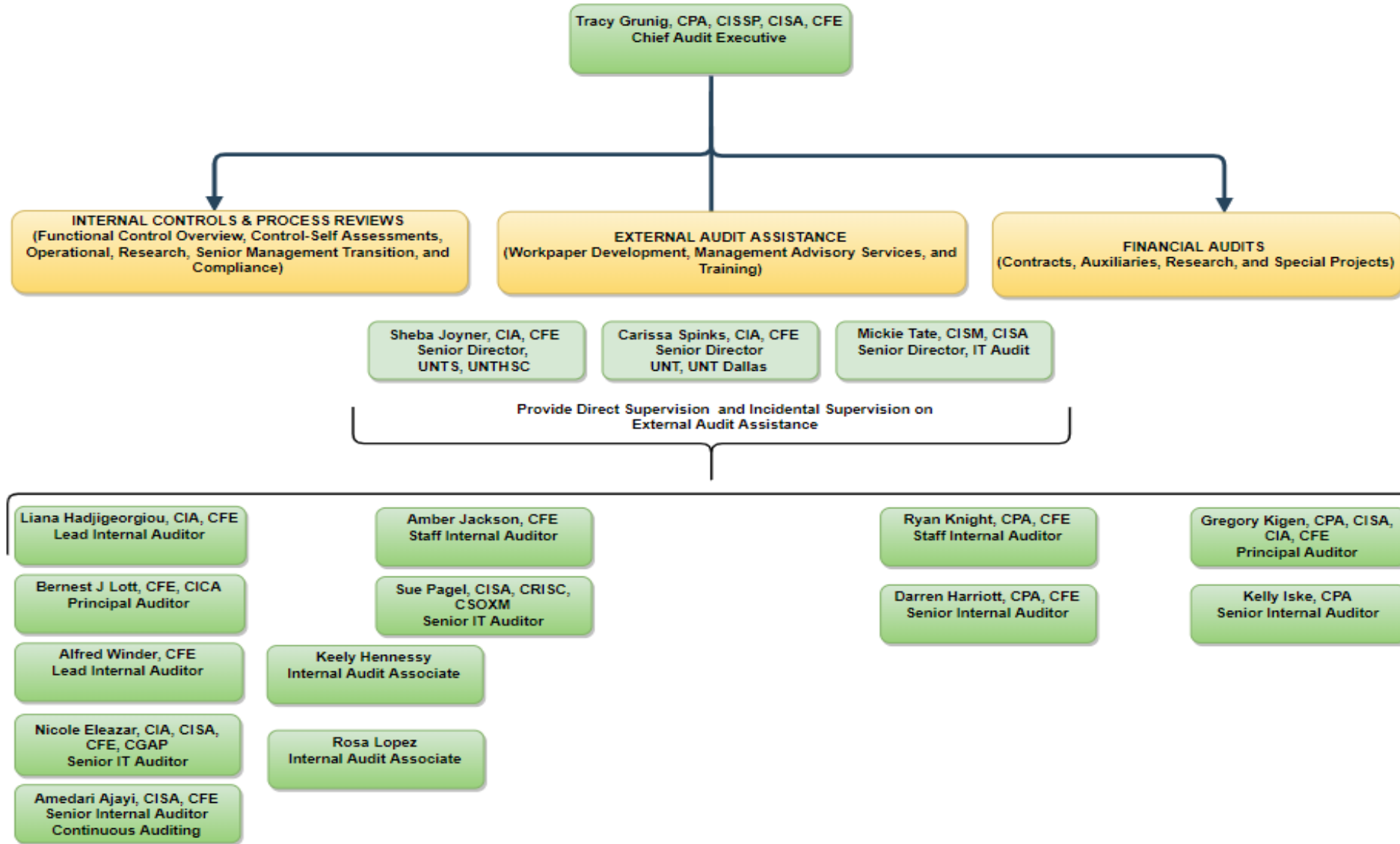
Recap of FY19 Internal Audit Activity

	Title of Audit	Description and Audit Objectives	Status	Component Institution				Identified Risk
				UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY19 Audit Hours: (continued)								
	Data Validation Controls - (Vendor, HR, payroll)	To determine whether the employee contribution amounts for TexasSaver are in accordance with plan provisions and whether contribution amounts are properly recorded and submitted timely to the respective agency. Validate that options on electronic forms have the necessary controls and validations in place to prevent improper manipulation of information input into the system.	Deferred	X				Compliance; Reputational; Financial; Operational; Regulatory
	Employee Benefits Reconciliation Ad-Hoc Committee	Committee headed by Brandi Renton to explore issues discovered concerning TRS deductions not taken properly from employee paychecks, particularly those hired after 1/17/18. IA to explore processes and controls concerning ERS benefits, identifying weaknesses.	Deferred	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
	Tuition Revenue Recognition Enterprise Wide - Pilot Program	Review the cash management / check processing procedures in student accounting at UNT Dallas.	Deferred				X	Compliance; Financial; Regulatory
	Export and DOD Grant Compliance Audit	Review partnerships for compliance with Department of Defense (DOD) grant guidelines.	Deferred		X			Compliance; Reputational; Operational; Regulatory
	Training and Education Outreach Services - New Business Manager Orientation	To educate management on common control failures and promote compliance and enhance operational effectiveness through best practices.	On-going	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
	Microbiology, Immunology, and Genetics Transition	The audit will focus on processes, procedures and controls for cash handling, purchasing, budgeting, travel expenses, contract agreements and asset inventory.	Cancelled			X		Compliance; Reputational; Financial; Operational

Recap of FY19 Internal Audit Activity

	Title of Audit	Description and Audit Objectives	Status	Component Institution				Identified Risk
				UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY19 Audit Hours: (continued)								
	Psychology Clinic	Determine whether Patient Health Information was adequately protected in accordance with the Texas Medical Records Privacy Act (Texas House Bill 300/ Texas Health & Safety Code § 181); Determine whether cash handling processes/procedures provide an adequate system of internal controls to help ensure compliance with System/University policies.	Cancelled		X			Compliance; Reputational; Financial; Operational
	Enterprise Review of Policy Framework	Review the processes surrounding how policies and procedures are developed and the frequency policies and procedures are reviewed or revised.	Cancelled	X	X	X	X	Compliance; Financial; Operational; Regulatory
	Revenue Streams Enterprise Wide	To identify sources of revenue enterprise-wide and assess the accounting treatment to determine compliance with policy and statutory requirements.	Cancelled	X	X	X	X	Compliance; Financial; Regulatory
	Enterprise Risk Management	Assess framework used by organizations to manage risks and opportunities related to the achievement of institutional and department objectives. Review processes for effectiveness.	Ongoing	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
	Facilitation of Co-Sourcing IT & Internal IT Projects	Respond to requests for IT audit support and consultation in all matters. Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY19.	Ongoing	X	X	X	X	Information Technology; Compliance; Reputational; Operational
	Investigations	Examine allegations or complaints of fraud, waste, abuse or employee misconduct.	Ongoing	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
	Follow-Up of Prior Audits	The IIA Professional Standards for internal auditing require auditors to follow-up on implementation of recommendations included in prior audit reports.	Ongoing	X	X	X	X	Due Diligence

UNTS IA Functional Organization Chart



Deployment of UNT System Internal Audit Resources to Maximize Effectiveness

Financial Audits (CPAs)

- Targets contracts (ensuring payments received and disbursed are appropriate)
- Auxiliaries (ensuring revenues, expenditures, and internal transfers are appropriate and operational processes are effective and efficient)
- Research (sponsored projects, grants, and contracts are effectively administered, transactions are accurately recorded in the financial records, and documentation is sufficiently maintained)
- Facilities Construction (review contract compliance and financial transactions for propriety)

Internal Controls (CIAs, Certified Internal Controls Auditor (CICAs), CISAs and CFEs)

- Organization functional realignments are examined to ensure controls are adequate, processes are effective and efficient, and services provided are delivered as anticipated
- SOX Testing (highlight risk factors from an operational, process, and IT perspective and determine the adequacy of mitigating controls)

Grant Thornton CAFR Fieldwork Assistance (CPAs and CIAs)

- Perform audit test work and work paper development
- Deliver cost savings through supplementing UNTS Finance staff
- Provide management advisory services (training and subject matter expertise)

University of North Texas System Internal Audit Allocation of Staff Audit Hours to FY20 UNTS IA Annual Audit Plan

Total Audit Staff Hours Available (16 FTE + 2 FTE partial year)	36,400	
Less Non-Direct Time (30% - e.g., vacation, sick, CPE)	<u>(10,920)</u>	
Direct Hours Available for Audit Activities	25,480	
Non-Direct Internal Audit Activities (e.g., IIA professional guidelines compliance, service provided to professional organizations, etc.) Represents 4% of Direct Hours Available	<u>(1,103)</u>	
Hours Allocated to Audit Projects and Value-Added Management Services		<u>24,377</u>
Hours Allocated to Audit Projects	22,976	
Hours Allocated to Value-Added Management Services	<u>1,401</u>	
		<u>24,377</u>

FY20 Risk Assessment Interviewee List

System	Date of Interview	Additional Interview Participant(s)
Chancellor	04/23/19	
Chief Financial Officer	05/14/19	
General Counsel		
Chief Human Capital Officer		
Deputy Chief Human Capital Officer		
Vice Chancellor for Facilities and Planning		
Associate Vice Chancellor for Facilities Design & Construction		
Chief Information Officer Chief Technology Officer	04/24/19	
UNT		
President	05/06/19	
Chief Financial Officer		
Provost	05/07/19	Senior Director, Budget & Planning
Vice Provost of Academic Resources		
Associate Vice President	05/06/19	
Vice President Student Affairs Dean of Students	05/06/19	
Interim Vice President for Research and Innovation	05/06/19	Senior Director, Budget & Planning
Assistant Vice President Grants and Contract Administration		
Director of Athletics	05/07/19	Associate Controller, Financial Analysis Director
Director Risk Management	05/06/19	Associate Controller, Financial Analysis Director

FY20 Risk Assessment Interviewee List

UNTHSC	Date of Interview	Additional Interview Participant(s)
President	05/09/19	
Chief Financial Officer		
Provost	05/06/19	
Interim Chief Information Officer	05/09/19	
Vice President Finance and Operations UNT Health	05/09/19	
Vice President of Operations	05/09/19	
Environmental Safety		
Vice Provost of Student Affairs	05/06/19	Director, Talent Acquisition
Executive Director for Sponsored Programs	04/16/19	
Acting Vice President Research		
UNT Dallas		
President	05/16/19	
Chief Financial Officer		
Provost	05/08/19	Senior Director, Budget & Planning
Director Risk Management	05/16/19	Associate Controller, Financial Analysis Director
Dean of Students	05/08/19	
VP Advancement	05/08/19	Associate Controller, Financial Analysis Director

University of North Texas System Internal Audit
UNT System Strategic Plan Goals Operationalized in FY20 UNTS IA Annual Audit Plan

UNT System Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY20 AAP Project
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury, Institution Finance/Budget	Investments
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Compliance; Reputational; Financial; Operational; Regulatory	Finance/Budget	Contract Processes Audit
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Compliance; Reputational; Financial; Operational; Regulatory	Information Technology	IT Application Project Prioritization Software Post Implementation Review (Concur) IT Shared Services Disaster Recovery
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Grant Thornton
Achieve Efficient and Effective System	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	System Procurement, Office of General Counsel	Senate Bill 20 Mandated Internal Audit
Achieve Efficient and Effective System	Adherence to Contract Requirements and Employment Agreement Provisions	Compliance; Reputational; Financial; Operational	System Senior Leadership	Chancellor's Expenditure Review

University of North Texas System Internal Audit

UNT Strategic Plan Goals Operationalized in FY20 UNTS IA Annual Audit Plan

UNT System Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY20 AAP Project
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	College of Liberal Arts and Social Sciences Dean Transition Audit Mayborn School of Journalism Dean Transition Audit Dining Services Audit Incidental Fees Audit Minors on Campus Audit
Achieve Efficient and Effective System	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Academic Athletic	Student-Managed Investment Fund (SMIF) NCAA Compliance Audit (Recruiting, Eligibility)
Achieve Efficient and Effective System	Adherence to Contract Requirements and Employment Agreement Provisions	Compliance; Reputational; Financial; Operational	President Senior Leadership	President's Expenditure Review
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Information Technology; Compliance; Reputational; Operational	Information Technology	IT Application Project Prioritization Software Post Implementation Review (Concur) IT Shared Services Disaster Recovery
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Financial; Operational	Research	Grants and Contracts Compliance Audit Effort Reporting Process Audit
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Benefits Proportionality Parking Services
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury and Institution Finance/Budget	Investments

University of North Texas System Internal Audit
UNTHSC Strategic Plan Goals Operationalized in FY20 UNTS IA Annual Audit Plan

UNT System Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY20 AAP Project
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Research	Grants and Contracts Compliance Audit Effort Reporting Process Audit Family Medicine Faculty Development
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury and Institution Finance/Budget	Investments
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	INCEDO Physician Compensation Model School of Medicine Financial Processes Audit
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Information Technology; Compliance; Reputational; Operational	Information Technology	IT Application Project Prioritization Software Post Implementation Review (Concur) IT Shared Services Disaster Recovery
Achieve Efficient and Effective System	Adherence to Contract Requirements and Employment Agreement Provisions	Compliance; Reputational; Financial; Operational	President Senior Leadership	President's Expenditure Review
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Benefits Proportionality

University of North Texas System Internal Audit
UNT Dallas Strategic Plan Goals Operationalized in FY20 UNTS IA Annual Audit Plan

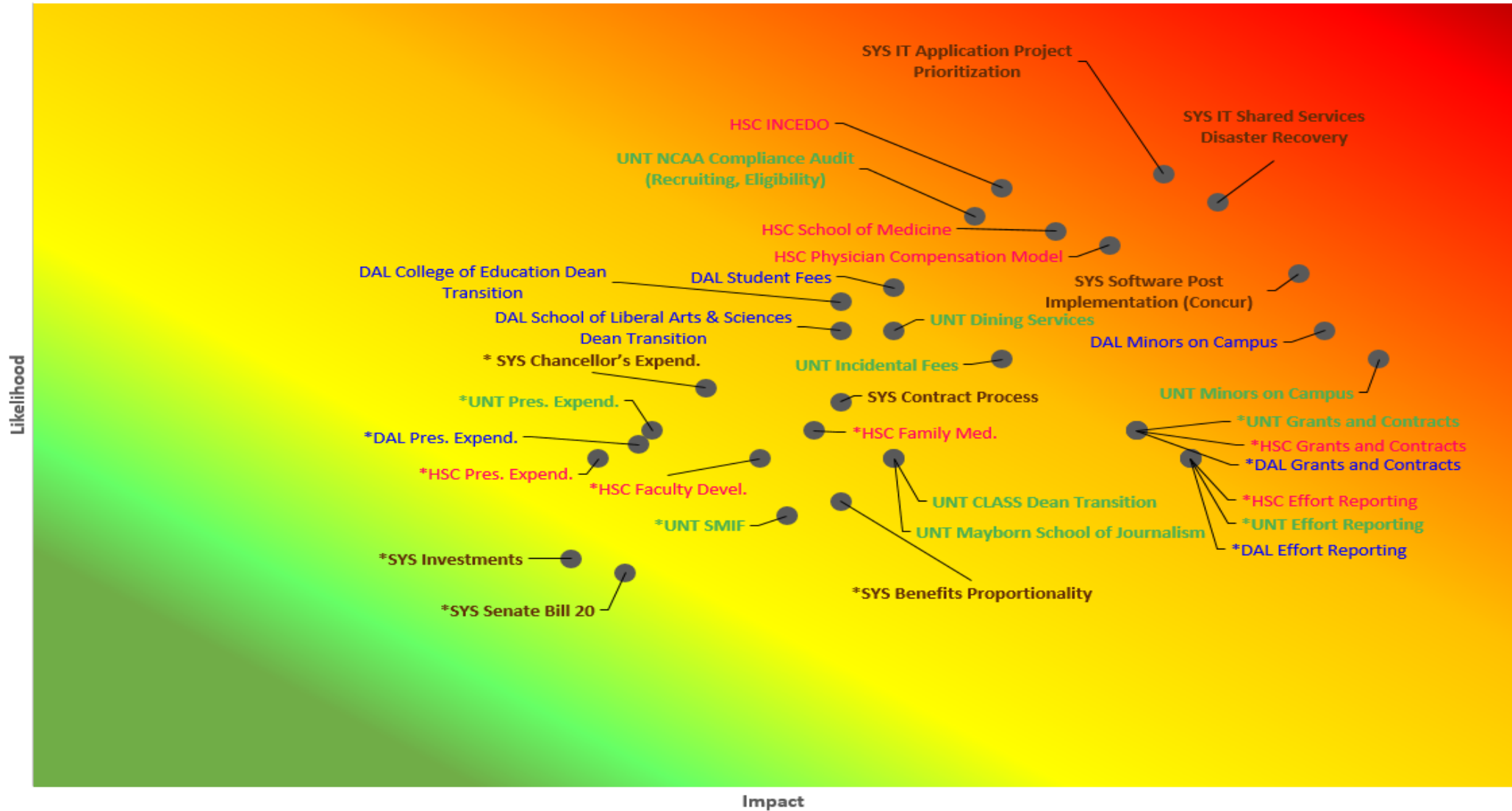
UNT System Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY20 AAP Project
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury and Institution Finance/Budget	Investments
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	College of Education Dean Transition Audit School of Liberal Arts & Sciences Dean Transition Audit Student Fees Audit Minors on Campus Audit
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Research	Grants and Contracts Compliance Audit Effort Reporting Process Audit
Achieve Efficient and Effective System	Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Benefits Proportionality
Achieve Efficient and Effective System	Adherence to Contract Requirements and Employment Agreement Provisions	Compliance; Reputational; Financial; Operational	President Senior Leadership	President’s Expenditure Review
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Information Technology; Compliance; Reputational; Operational	Information Technology	IT Application Project Prioritization Software Post Implementation Review (Concur) IT Shared Services Disaster Recovery

Risk Evaluation Criteria

	Regulatory / Legal Compliance / Fraud	Reputational	Operational Risks	Financial	Information Technology
High	<p>Impact: Extensive regulatory penalties and sanctions.</p> <p>Likelihood: High number of occurrences High motivation Low controllability Low preparedness</p>	<p>Impact: Severe public negative perception requiring considerable effort/expense to recover.</p> <p>Likelihood: High number of occurrences Low controllability Low preparedness</p>	<p>Impact: Detrimental effect on operations requiring major adjustments to plans.</p> <p>Likelihood: High number of occurrences High motivation Low controllability Low preparedness</p>	<p>Impact: Severe loss of assets, adverse impact on revenue greater than 15%.</p> <p>Likelihood: High number of occurrences High motivation Low controllability Low preparedness</p>	<p>Impact: Severe event impacting the availability, integrity or confidentiality of system-wide or campus-wide data.</p> <p>Likelihood: High number of occurrences High motivation Low controllability Low preparedness</p>
Medium	<p>Impact: Moderate regulatory penalties and sanctions.</p> <p>Likelihood: Moderate number of occurrences Moderate motivation Moderate controllability Moderate preparedness</p>	<p>Impact: Moderate public negative perception requiring some effort/expense to recover.</p> <p>Likelihood: Moderate number of occurrences Moderate controllability Moderate preparedness</p>	<p>Impact: Moderate effect on operations requiring some adjustments to plans.</p> <p>Likelihood: Moderate number of occurrences Moderate motivation Moderate controllability Moderate preparedness</p>	<p>Impact: Moderate loss of assets, adverse impact on revenue between 5% - 15%.</p> <p>Likelihood: Moderate number of occurrences Moderate motivation Moderate controllability Moderate preparedness</p>	<p>Impact: Moderate event impacting the availability, integrity or confidentiality of system-wide or campus-wide data.</p> <p>Likelihood: Moderate number of occurrences Moderate motivation Moderate controllability</p>
Low	<p>Impact: Minor regulatory penalties and sanctions.</p> <p>Likelihood: Low number of occurrences Low motivation High controllability High preparedness</p>	<p>Impact: Minimal public negative perception requiring little effort/expense to recover.</p> <p>Likelihood: Low number of occurrences High controllability High preparedness</p>	<p>Impact: Minor effect on operations requiring minimal adjustments to plans.</p> <p>Likelihood: Low number of occurrences Low motivation High controllability High preparedness</p>	<p>Impact: Minor loss of assets, adverse impact on revenue less than 5%.</p> <p>Likelihood: Low number of occurrences Low motivation High controllability High preparedness</p>	<p>Impact: Minor event impacting the availability, integrity or confidentiality of data.</p> <p>Likelihood: Low number of occurrences Low motivation High controllability High preparedness</p>

**COSO Framework was used in developing the criteria.

FY20 Risk Heat Map



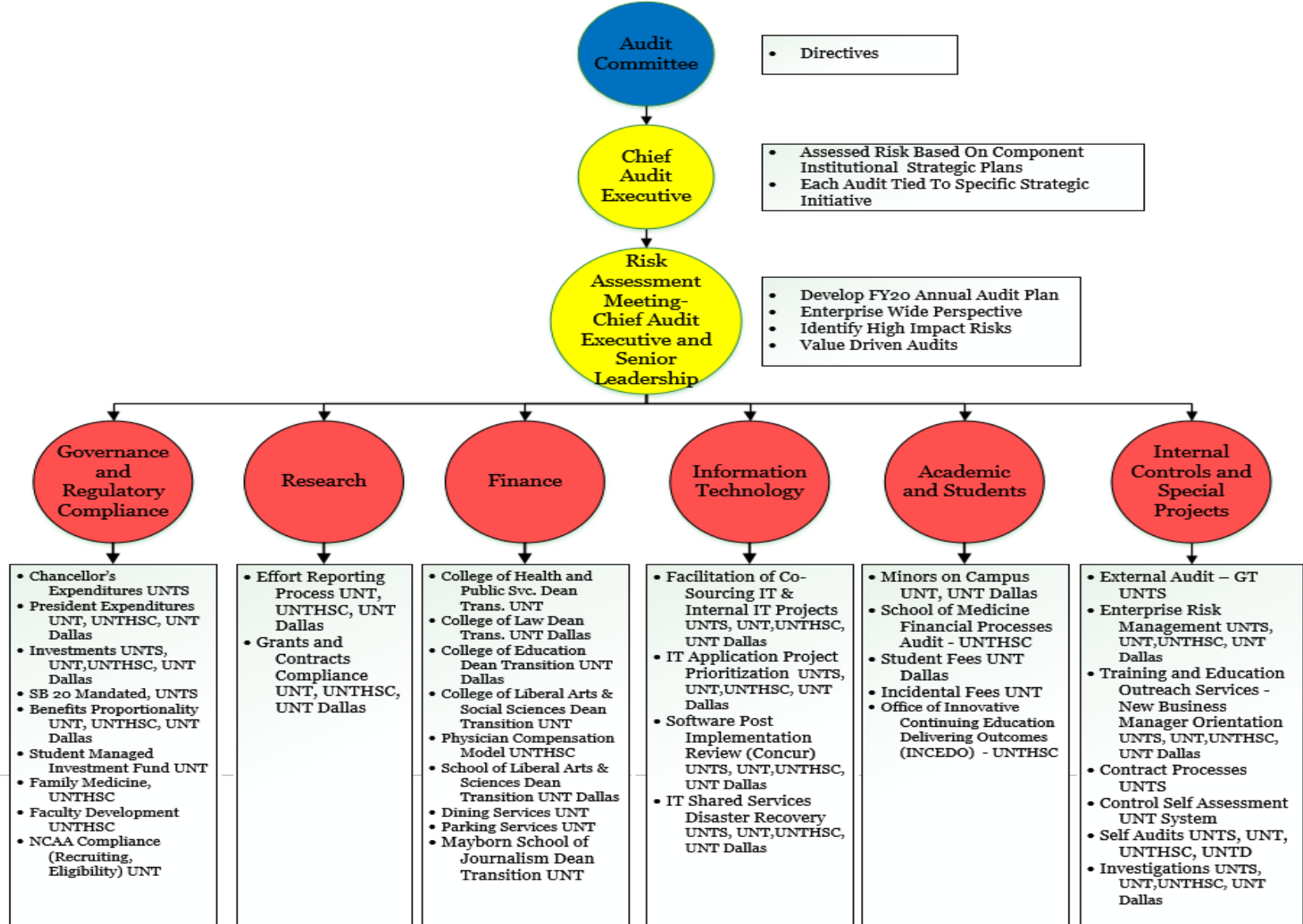
*Indicates mandated audits

Total Audits by Component - 8 SYS, 10 UNT, 8 UNTHSC, 7 UNT Dallas

Summary of FY20 Annual Audit Plan by Component

Component Name	Total Allocated Audit Hours	Total Unallocated Audit Hours	Total Audit Hours	Number of Audits
UNT System	2,070	306	2,376	5
UNT	4,110	1,323	5,433	10
UNTHSC	3,300	711	4,011	8
UNT Dallas	2,990	805	3,795	7
IT/External Audit Assistance & Special Projects	3,946	4,816	8,762	9
	16,416	7,961	24,377	39

Risk Assessment Process Flow



FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY20 Audit Hours:									
MGMT REQUEST	FINANCIAL	College of Engineering Dean Transition	Review and determine whether processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	150		X			Compliance; Reputational; Financial; Operational
MGMT REQUEST	FINANCIAL	Caruth Police Institute Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	100				X	Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	INTERNAL CONTROLS	College of Law Dean Business Processes Audit	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory.	250				X	Compliance; Reputational; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	350		X	X		Compliance; Reputational; Financial; Operational; Regulatory
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, University policies, and state and federal laws.	350		X	X		Compliance; Reputational; Financial; Operational; Regulatory
Total FY20 Hours Allocated for FY19 Audit Projects				1,200					

FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY20 Audits Requiring FY20 Audit Hours:									
INTERNAL AUDIT	ACADEMIC	School of Medicine Financial Processes	To assess financial processes over planning, preparation, implementation and monitoring of state resources to ensure funds are expended appropriately.	400			X		Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	ACADEMIC	Student Fees	Determine whether fees are charged, authorized, recorded, and expended in compliance with University policies and State laws.	350				X	Compliance; Reputational; Financial; Operational; Regulatory
REQ-BOARD OF REGENTS	COMPLIANCE	Chancellor's/President's Expenditure Reviews	Evaluate whether travel, entertainment, and business expenses are in compliance with System/University policies, employment agreement provisions, state and federal laws as required by employment agreements.	775	X	X	X	X	Compliance; Reputational; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	COMPLIANCE	Investments	Evaluate controls surrounding the investing activities are effective; as well as adherence with System Regulation 08.2000, UNT System Board of Regents Rule 10.100, and Public Funds Investment Act (PFIA) including State Auditor's Office (SAO) Article III, Rider 5 reporting requirements.	300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Benefits Proportionality	Assess the processes and controls related to completion of Form APS 011 as required by the General Appropriations Act, Article IX, Section 6.08, Benefits Paid Proportional by Fund.	200	X				Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Senate Bill 20 Mandated Internal Audit	Internal Audit is required under SB 20 regulations to review contracting process for adherence to requirements on annual basis.	300	X				Compliance; Reputational; Financial; Operational; Regulatory

FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY20 Audits Requiring FY20 Audit Hours: (continued)									
REQ-REGENT RULES AND ENTERPRISE POLICIES	COMPLIANCE	Student-Managed Investment Fund (SMIF)	Assess compliance with the donor agreement between UNT and Colonel Guy M. Cloud, Jr. related to SMIF.	150		X			Compliance; Reputational; Financial; Operational
REQ-REG AGENCY	COMPLIANCE	Family Medicine	To provide assurance that UNTHSC is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for Funding.	200			X		Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Faculty Development	To assess whether THECB program funds were expended in accordance with the terms and conditions of the FDC State Grant Agreement requirements and the FMRP Guidelines for Funding Operational and Support Programs.	200			X		Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	COMPLIANCE	NCAA Compliance (Recruiting, Eligibility)	Review athletic compliance areas.	400		X			Compliance; Reputational; Operational; Regulatory
INTERNAL AUDIT	FINANCIAL	Mayborn School of Journalism Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	250		X			Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	College of Education Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	250				X	Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	School of Liberal Arts & Sciences Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	250				X	Compliance; Reputational; Financial; Operational

FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY20 Audits Requiring FY20 Audit Hours: (continued)									
INTERNAL AUDIT	FINANCIAL	Physician Compensation Model	To ensure physician compensations based on the model are recorded accurately, completely and paid timely.	350			X		Financial; Operational
INTERNAL AUDIT	FINANCIAL	College of Liberal Arts and Social Sciences Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	250		X			Compliance; Reputational; Financial; Operational
MGMT REQUEST	FINANCIAL	Office of Innovative Continuing Education Delivering Outcomes (INCEDO)	Review and evaluate payments for development and delivery of continuing education courses; and evaluate departmental expenditures using funds to assess compliance with University policy and state law. Additionally, determine whether revenue rates are appropriate and financial resources obtained are utilized correctly.	350			X		Compliance; Financial; Regulatory
MGMT REQUEST	INFORMATION TECHNOLOGY	IT Application Project Prioritization	There is an institutional concern that the process of having applications approved and procured is inefficient, thereby causing delayed or interrupted productivity by not being able to get needed applications purchased. Assess the efficiency and effectiveness of the IT application procurement process.	320	X	X	X	X	Information Technology; Compliance; Reputational; Operational
MGMT REQUEST	INFORMATION TECHNOLOGY	Software Post Implementation Review (Concur)	Implemented applications are not delivering the required/expected functionality causing individuals to use/develop shadow IT systems, or be inefficient using the implemented systems. Determine why implemented applications are not meeting user needs.	320	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory

FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY20 Audits Requiring FY20 Audit Hours: (continued)									
INTERNAL AUDIT	INFORMATION TECHNOLOGY	IT Shared Services Disaster Recovery	Deferred from FY19. Disaster Recovery is a critical element in providing continuity of operations meeting the Service Level Agreement needs of the UNT World user community in the event of disasters, malware attacks or system outages. To Determine whether recovery process for essential systems is being tested and validated according to published service level agreements.	400	X				Information Technology; Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	INFORMATION TECHNOLOGY	Facilitation of Co-Sourcing IT & Internal IT Projects	To be responsive to requests for IT audit support and consultation in all matters. Represents audit hours designated for institutional use, although individual audit projects have not been determined, audit projects will be identified over the course of FY19.	240	X	X	X	X	Information Technology; Compliance; Reputational; Operational
INTERNAL AUDIT	INTERNAL CONTROLS	Minors on Campus	Review and determine if programs for minors sponsored by the University or held on the University campus are in compliance with University polices and state laws.	600		X		X	Compliance; Reputational; Operational; Regulatory
INTERNAL AUDIT	INTERNAL CONTROLS	Contract Processes	To assess the contracting quality assurance process surrounding reviews and approvals are adequate and effectively working.	450	X				Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	INTERNAL CONTROLS	Incidental Fees	Review incidental fees, and determine whether fees are charged, authorized, recorded, and expended in compliance with University policies and state laws.	300		X			Compliance; Financial; Reputational; Operational; Regulatory
INTERNAL AUDIT	INTERNAL CONTROLS, FINANCIAL	Dining Services	Review financial and management controls over UNT Dining Services for operational efficiency, effectiveness, and compliance with University policies, state laws, and best practices.	550		X			Compliance; Financial; Operational

FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY20 Audits Requiring FY20 Audit Hours: (continued)									
INTERNAL AUDIT	INTERNAL CONTROLS, FINANCIAL	Parking Services	To assess whether departmental activities are helping accomplish the department's goals/objectives and whether revenue resources obtained are used appropriately.	200		X			Compliance; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	900		X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	1,050		X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	EXTERNAL AUDIT ASSISTANCE	External Audit Fieldwork Assistance - Grant Thornton	Internal Audit assistance with annual audit of UNTS financial statements for FY19.	640	X				Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	MANAGEMENT ADVISORY SERVICES	Enterprise Risk Management	To provide consulting services in the implementation of Enterprise Risk Management.	300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Training and Education Outreach Services - New Business Manager Orientation	To educate management on common control failures and promote compliance and enhance operational effectiveness through best practices.	100	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Internal Process Improvement Training	To enhance investigative skills for staff.	200	X				Compliance; Reputational; Financial; Operational; Regulatory

FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY20 Audits Requiring FY20 Audit Hours: (continued)									
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Control Self-Assessment - TBD	To facilitate work groups focused on streamlining and improving internal audit processes.	500	X				Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Self-Audits - TBD	To develop tools to assist University departments assess effectiveness of internal operations.	400	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	INVESTIGATIONS	Investigations	To examine and verify allegations or complaints of fraud, waste, abuse or employee misconduct.	300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	UNALLOCATED HOURS-IT		Represents audit hours designated for institutional use but individual IT audit projects and data mining have not been determined. IT audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas.	3,322	X	X	X	X	Information Technology Security; IT System Network Authorization and Access; Operational; Compliance with Policies; Reputational
INTERNAL AUDIT	UNALLOCATED HOURS-SPECIAL PROJECTS		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	1,494	X	X	X	X	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNT		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY19 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	1,323		X			Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets

FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY20 Audits Requiring FY20 Audit Hours: (continued)									
INTERNAL AUDIT	UNALLOCATED HOURS-UNT Dallas		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	805				X	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNT System		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	306	X				Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNTHSC		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	711			X		Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
REG-IIA PROFESSIONAL STANDARDS		Follow-Up of Prior Audits	The IIA Professional Standards for internal auditing require auditors to follow-up on implementation of recommendations included in prior audit reports.	1,070	X	X	X	X	Due Diligence
	Total FY20 Hours Allocated for FY20 Audit Projects			22,976					
	Value-Added Management Services (see appendix)			1,401					
	Total FY20 Hours Allocated for Audit Projects and Value-Added Management Services			24,377					

University of North Texas System Internal Audit

FY20 Annual Internal Audit Plan – Value Added Management Services

Title	Objectives	Total Hours
Internal Audit Quality Process Improvement and Training	Quality Assurance Review (e.g. audit process improvements, department policies and procedures, and audit methodologies)	100
Risk Assessment Meetings	Facilitation of discussions concerning risks and development of the annual audit plan.	400
Quarterly Meetings With Senior Leadership	Discussing audit statuses and ongoing risks with senior management.	288
UNT Workgroup and Committee Meetings	Participation in work groups and committees.	25
Technical Architecture Group	Participate as a guest of the UNT Technical Architecture Group to stay aware of the state of IT on the UNT campus.	48
Workgroup - UNT Academic Computing Workgroup	Work with the UNT IT academic areas to provide audit services that will help facilitate the achievement of UNT strategic goals and ensure the efficiency and effectiveness of IT operations.	40
Resource/Training - Subject Matter Experts to Stakeholders on Business and IT Processes, Policies and Procedures	Provide insight, consulting and advisory services to Stakeholders across the Enterprise	100
Resource - Presentation Requests	Present and facilitate discussions for UNT, UNTHSC & UNT Dallas	100
Ad Hoc Requests from Management	Unplanned support and training requests throughout FY20.	300
Subtotal		1,401

Potential Audits - Use of Unallocated Hours

UNT System:

- Data Center Audit

UNT :

- Export Controls Review
- Differential Tuition Audit

UNTHSC:

- Export Controls Review
- Library - Federal Funding Review

UNT Dallas:

- Scholarships Review
- Email Phishing Audit

Questions?



Title: Approval of FY20 UNTS Internal Audit Plan

Background:

In accordance with the UNT System (UNTS) Internal Audit Charter adopted February 20, 2015, the Texas Internal Auditing Act (Government Code Chapter 2102.005) and Regent Rule 4.501.4.b, an Annual Risk Assessment was conducted for the UNTS and its member component institutions. The UNTS Internal Audit Plan for FY20, resulting from this Annual Risk Assessment, is attached for the Board of Regents review and approval.

Financial Analysis/History:

Preparing the Annual UNTS Internal Audit Plan and seeking approval by the Board of Regents, is an integral component of the UNTS Internal Audit process. This proposal is anticipated to be accomplished using the staff resources currently assigned to the Internal Audit function along with some outsourcing.

**James
Mauldin**

Digitally signed by James Mauldin
DN: cn=James Mauldin, o=UNT System,
ou=Finance,
email=james.mauldin@untsystem.edu,
c=US
Date: 2019.07.22 13:54:12 -05'00'

Interim Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, o=University of North Texas System,
ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2019.07.22 16:30:14 -05'00'

Vice Chancellor/General Counsel

Schedule:

The FY20 UNTS Internal Audit Plan will be adopted immediately upon approval by the Board of Regents.

Recommendation:

It is recommended that the Board of Regents approve the attached FY20 UNTS Internal Audit Plan.

Recommended By:

Tracy Grunig

Chief Audit Executive

Attachments Filed Electronically:

- FY20 UNTS Internal Audit Plan



Board Order

Title: Approval of FY20 UNT System Internal Audit Plan

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 15-16, 2019, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, Chapter 2102 of the Texas Government Code and Regent Rule 4.501.4.b requires the Board of Regents to review and approve the FY20 Annual Risk Assessment and Internal Audit Plan, and

Whereas, the Internal Audit department conducted the Annual Risk Assessment within professional standards and in concert with management and the Compliance Offices, and

Whereas, the Board of Regents has reviewed the Internal Audit Plan,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. FY20 UNTS Internal Audit Plan
-

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

G. Brint Ryan, Chairman
Board of Regents

University of North Texas System Internal Audit										
FY20 Annual Audit Plan										
Source	Functional Area	Title of Audit	Description and Audit Objectives	Status	Hours in Total	Component Institution				Identified Risk
						UNT System	UNT	UNTHSC	UNT Dallas	
FY19 Audits Requiring FY20 Audit Hours:										
MGMT REQUEST	FINANCIAL	College of Engineering Dean Transition	Review and determine whether processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.		150		X			Compliance; Reputational; Financial; Operational
MGMT REQUEST	FINANCIAL	Caruth Police Institute Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.		100				X	Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	INTERNAL CONTROLS	College of Law Dean Business Processes Audit	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory.		250				X	Compliance; Reputational; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.		350		X	X		Compliance; Reputational; Financial; Operational; Regulatory
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, University policies, and state and federal laws.		350		X	X		Compliance; Reputational; Financial; Operational; Regulatory
Total FY20 Hours Allocated for FY19 Audit Projects					1,200					
FY20 Audits Requiring FY20 Audit Hours:										
INTERNAL AUDIT	ACADEMIC	School of Medicine Financial Processes	To assess financial processes over planning, preparation, implementation and monitoring of state resources to ensure funds are expended appropriately.		400			X		Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	ACADEMIC	Student Fees	Determine whether fees are charged, authorized, recorded, and expended in compliance with University policies and State laws.		350				X	Compliance; Reputational; Financial; Operational; Regulatory
REQ-BOARD OF REGENTS	COMPLIANCE	Chancellor's/President's Expenditure Reviews	Evaluate whether travel, entertainment, and business expenses are in compliance with System/University policies, employment agreement provisions, state and federal laws as required by employment agreements.		775	X	X	X	X	Compliance; Reputational; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	COMPLIANCE	Investments	Evaluate controls surrounding the investing activities are effective; as well as adherence with System Regulation 08.2000, UNT System Board of Regents Rule 10.100, and Public Funds Investment Act (PFIA) including State Auditor's Office (SAO) Article III, Rider 5 reporting requirements.		300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Benefits Proportionality	Assess the processes and controls related to completion of Form APS 011 as required by the General Appropriations Act, Article IX, Section 6.08, Benefits Paid Proportional by Fund.		200	X				Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Senate Bill 20 Mandated Internal Audit	Internal Audit is required under SB 20 regulations to review contracting process for adherence to requirements on annual basis.		300	X				Compliance; Reputational; Financial; Operational; Regulatory
REQ-REGENT RULES AND ENTERPRISE POLICIES	COMPLIANCE	Student-Managed Investment Fund (SMIF)	Assess compliance with the donor agreement between UNT and Colonel Guy M. Cloud, Jr. related to SMIF.		150		X			Compliance; Reputational; Financial; Operational

Source	Functional Area	Title of Audit	Description and Audit Objectives	Status	Hours in Total	Component Institution				Identified Risk
						UNT System	UNT	UNTHSC	UNT Dallas	
REQ-REG AGENCY	COMPLIANCE	Family Medicine	To provide assurance that UNTHSC is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for Funding.		200			X		Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Faculty Development	To assess whether THECB program funds were expended in accordance with the terms and conditions of the FDC State Grant Agreement requirements and the FMRP Guidelines for Funding Operational and Support Programs.		200			X		Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	COMPLIANCE	NCAA Compliance (Recruiting, Eligibility)	Review athletic compliance areas.		400		X			Compliance; Reputational; Operational; Regulatory
INTERNAL AUDIT	FINANCIAL	Mayborn School of Journalism Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.		250		X			Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	College of Education Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.		250				X	Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	School of Liberal Arts & Sciences Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.		250				X	Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	Physician Compensation Model	To ensure physician compensations based on the model are recorded accurately, completely and paid timely.		350			X		Financial; Operational
INTERNAL AUDIT	FINANCIAL	College of Liberal Arts and Social Sciences Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.		250		X			Compliance; Reputational; Financial; Operational
MGMT REQUEST	FINANCIAL	Office of Innovative Continuing Education Delivering Outcomes (INCEDO)	Review and evaluate payments for development and delivery of continuing education courses; and evaluate departmental expenditures using funds to assess compliance with University policy and state law. Additionally, determine whether revenue rates are appropriate and financial resources obtained are utilized correctly.		350			X		Compliance; Financial; Regulatory
MGMT REQUEST	INFORMATION TECHNOLOGY	IT Application Project Prioritization	There is an institutional concern that the process of having applications approved and procured is inefficient, thereby causing delayed or interrupted productivity by not being able to get needed applications purchased. Assess the efficiency and effectiveness of the IT application procurement process.		320	X	X	X	X	Information Technology; Compliance; Reputational; Operational
MGMT REQUEST	INFORMATION TECHNOLOGY	Software Post Implementation Review (Concur)	Implemented applications are not delivering the required/expected functionality causing individuals to use/develop shadow IT systems, or be inefficient using the implemented systems. Determine why implemented applications are not meeting user needs.		320	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory

Source	Functional Area	Title of Audit	Description and Audit Objectives	Status	Hours in Total	Component Institution				Identified Risk
						UNT System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	INFORMATION TECHNOLOGY	IT Shared Services Disaster Recovery	Deferred from FY19. Disaster Recovery is a critical element in providing continuity of operations meeting the Service Level Agreement needs of the UNT World user community in the event of disasters, malware attacks or system outages. To Determine whether recovery process for essential systems is being tested and validated according to published service level agreements.		400	X				Information Technology; Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	INFORMATION TECHNOLOGY	Facilitation of Co-Sourcing IT & Internal IT Projects	To be responsive to requests for IT audit support and consultation in all matters. Represents audit hours designated for institutional use, although individual audit projects have not been determined, audit projects will be identified over the course of FY19.		240	X	X	X	X	Information Technology; Compliance; Reputational; Operational
INTERNAL AUDIT	INTERNAL CONTROLS	Minors on Campus	Review and determine if programs for minors sponsored by the University or held on the University campus are in compliance with University policies and state laws.		600		X		X	Compliance; Reputational; Operational; Regulatory
INTERNAL AUDIT	INTERNAL CONTROLS	Contract Processes	To assess the contracting quality assurance process surrounding reviews and approvals are adequate and effectively working.		450	X				Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	INTERNAL CONTROLS	Incidental Fees	Review incidental fees, and determine whether fees are charged, authorized, recorded, and expended in compliance with University policies and state laws.		300		X			Compliance; Financial; Reputational; Operational; Regulatory
INTERNAL AUDIT	INTERNAL CONTROLS, FINANCIAL	Dining Services	Review financial and management controls over UNT Dining Services for operational efficiency, effectiveness, and compliance with University policies, state laws, and best practices.		550		X			Compliance; Financial; Operational
INTERNAL AUDIT	INTERNAL CONTROLS, FINANCIAL	Parking Services	To assess whether departmental activities are helping accomplish the department's goals/objectives and whether revenue resources obtained are used appropriately.		200		X			Compliance; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.		900		X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.		1,050		X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	EXTERNAL AUDIT ASSISTANCE	External Audit Fieldwork Assistance - Grant Thornton	Internal Audit assistance with annual audit of UNTS financial statements for FY19.		640	X				Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	MANAGEMENT ADVISORY SERVICES	Enterprise Risk Management	To provide consulting services in the implementation of Enterprise Risk Management.		300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Training and Education Outreach Services - New Business Manager Orientation	To educate management on common control failures and promote compliance and enhance operational effectiveness through best practices.		100	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Internal Process Improvement Training	To enhance investigative skills for staff.		200	X				Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Control Self-Assessment - TBD	To facilitate work groups focused on streamlining and improving internal audit processes.		500	X				Compliance; Reputational; Financial; Operational; Regulatory

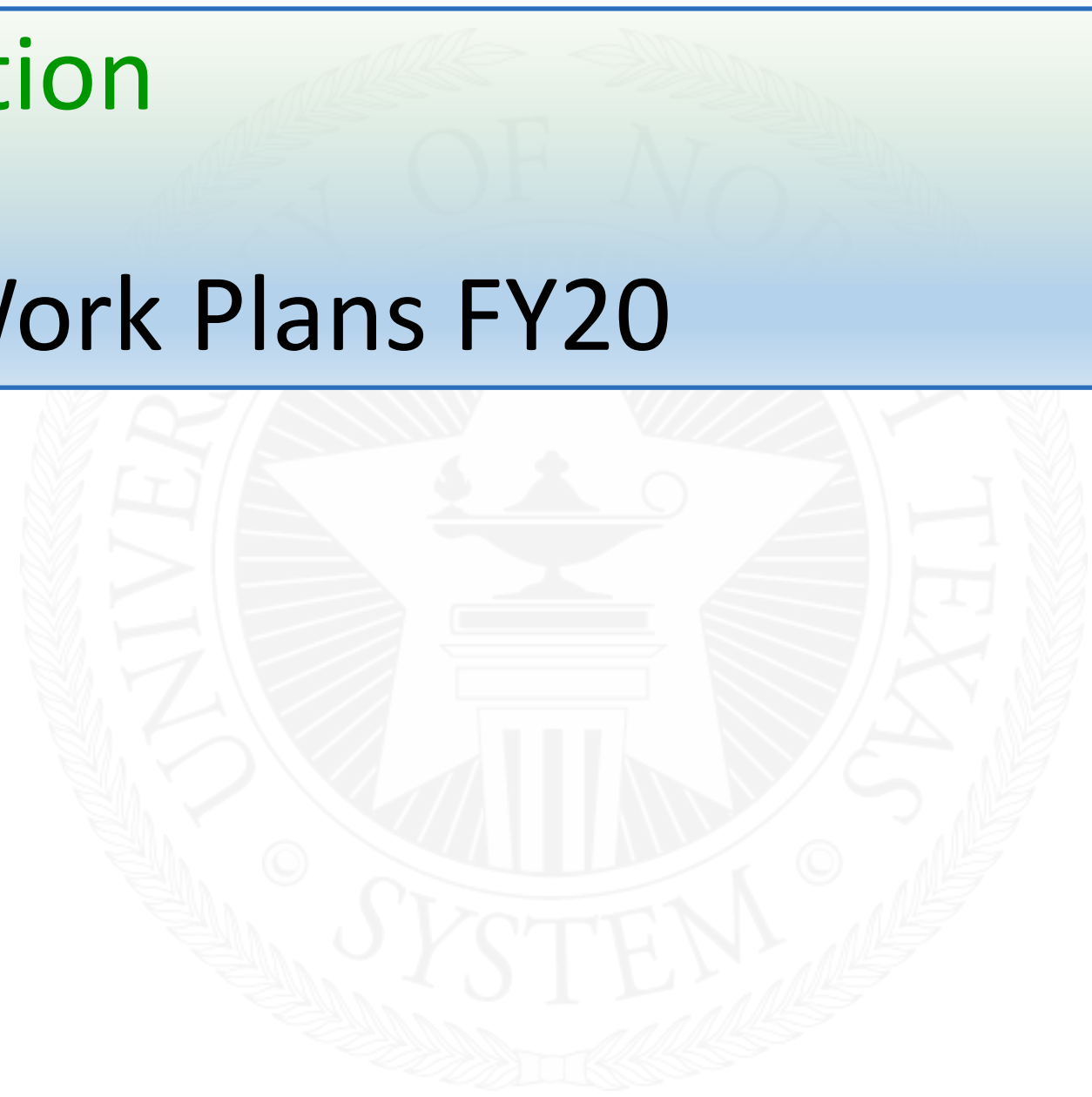
Source	Functional Area	Title of Audit	Description and Audit Objectives	Status	Hours in Total	Component Institution				Identified Risk
						UNT System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Self-Audits - TBD	To develop tools to assist University departments assess effectiveness of internal operations.		400	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	INVESTIGATIONS	Investigations	To examine and verify allegations or complaints of fraud, waste, abuse or employee misconduct.		300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	UNALLOCATED HOURS-IT		Represents audit hours designated for institutional use but individual IT audit projects and data mining have not been determined. IT audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas.	Continuous	3,322	X	X	X	X	Information Technology Security; IT System Network Authorization and Access; Operational; Compliance with Policies; Reputational
INTERNAL AUDIT	UNALLOCATED HOURS-SPECIAL PROJECTS		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	Continuous	1,494	X	X	X	X	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNT		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY19 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	Continuous	1,323		X			Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNT Dallas		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	Continuous	805				X	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNT System		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	Continuous	306	X				Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNTHSC		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	Continuous	711			X		Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
REG-IIA PROFESSIONAL STANDARDS		Follow-Up of Prior Audits	The IIA Professional Standards for internal auditing require auditors to follow-up on implementation of recommendations included in prior audit reports.	Continuous	1,070	X	X	X	X	Due Diligence
Total FY20 Hours Allocated for FY20 Audit Projects					22,976					
	Value-Added Management Services (see appendix)			Continuous	1,401					
Total FY20 Hours Allocated for Audit Projects and Value-Added Management Services					24,377					

UNT System Administration

UNT Dallas

FY20 Compliance Risk Work Plans FY20

July 31, 2019



Compliance Risk Work Plan Overview

Each compliance risk work plan provides UNT leadership and the Board of Regents insight into key compliance risks and the activities being undertaken to manage them.



Work plans ideally represent a consensus view of the key risks to the mission of each institution, and are the result of a structured and comprehensive risk assessment process completed with the participation of leadership and managers across the appropriate departments and functions within each institution.

UNT System Administration/UNT Dallas

Compliance Risk Work Plan Assessment and Development Steps

Step 1:
Data Collection

Step 2:
Aggregation and
Risk Prioritization

Step 3:
Plan Development

Step 4:
Plan Approval

Step 5: Plan
Implementation

Step 6:
Plan Monitoring

Milestone/Event	Driver	Status	Deadline
Review Past Compliance Work Plans FY(11-19)	CCO	In Progress (80%)	07/25/2019
Identify & Interview Stakeholders	CCO	Complete	07/17/2019
Draft Compliance Risk Registries (Include Other Types of Associated Risks)	CCO	In Progress (95%)	07/19/2019
Meet with IA to Review Outstanding Items & Discuss Proposed Efforts for FY20	CCO/CAE	Complete	07/11/2019
Review Stakeholder Input & Draft List of Top 15-20 Compliance Risks	CCO	Complete	07/12/2019
Draft Commitment & Strategy Statements for Top 15-20 Compliance Risks	CCO	Complete	07/14/2019
Propose List of "Top 10" Compliance Risks for Executive Committee (EC) Review	CCO/CCs	Complete	07/14/2019
Meet with EC to Review & Prioritize Compliance Risks	CCO/EC	Complete	07/15/2019
Approve Top 3-5 Compliance Risks to be Monitored & Reported Quarterly to BoR	EC	Complete	07/16/2019
Present Compliance Work Plan to Chancellor's Council for Review & Comment	CCO	In Progress (90%)	07/17/2019
Incorporate EC Input & Refine Metrics & Deliverables	CCO/EC	In Progress (60%)	07/22/2019
Meet with Compliance Committees (CCs) for Risk Review of Metrics	CCO/CCs	In Progress (50%)	07/29/2019
Provide Stakeholders Opportunities to Review Compliance Risks Assessments	CCO	Yet to Start	07/29/2019
Present Compliance Work Plan to BoR EC Committee for Review & Comment	CCO	Yet to Start	07/31/2019
Prepare Compliance Risk Work Plan for BoR Presentation	CCO/EC	Yet to Start	08/02/2019
Present Compliance Work Plan to BoR	CCO	Final Objective	08/16/2019

UNT System Administration/UNT Dallas

Compliance Risk Work Plan Risk Rating Scale

Likelihood	Probability or chance of something happening. <i>What is the chance of an adverse event occurring?</i>
Rare	1 – there is almost no chance of an adverse event occurring
Unlikely	2 – there is a small chance that an adverse event could occur
Possible	3 – it is potential for an adverse event to occur
Likely	4 – it is most likely that an adverse event will occur
Almost certain	5 – an adverse event will definitely occur
Severity	Amount of damage incurred by an adverse event. <i>How much damage could an adverse event cause?</i>
Negligible	1 – there is no effect; no damage
Minor	2 – there is only a small effect; some damage
Moderate	3 – there is a medium effect; fair amount of damage
Strong	4 – there is a major effect; significant damage
High	5 - there is a disastrous effect; extreme damage

UNT System Administration/UNT Dallas

Compliance Risk Work Plan Risk Rating Scale

Level of Control	A measure that is modifying the risk to include any process, policy, device, practice, or other actions which modify risk. <i>Is there a control in place? What is the level of control?</i>
High	1 – there is a very strong process in place to control the risk; adverse event could not occur
Strong	2 – there is a strong process in place to control risk; small chance of adverse event occurring
Moderate	3 – there is an intermediate process in place to control the risk; adverse event may occur
Minimal	4 – there is a negligible process in place to control the risk; adverse event can easily occur
None	5 – there is absolutely no process in place to control the risk; adverse event will occur
Residual Exposure	Level of risk remaining after controls are in place; retained risk. <i>What level of risk remains even after controls are in place? How much risk are we retaining?</i>
Negligible	1 – there is no risk remaining when controls are in place
Minor	2 – there is only a small amount of risk remaining when controls are in place
Moderate	3 – there is a medium amount of risk remaining when controls are in place
Serious	4 – there is a major amount of risk remaining even when controls are in place
Critical	5 - there is a significant amount of risk remaining even when controls are in place

UNT System Administration/UNT Dallas

Compliance Risk Work Plan Risk Rating Scale

Impact	<p>Effect an adverse event would have on Unit and Campus.</p> <p><i>What effect would the adverse event have if it were to occur?</i></p>
Negligible	1 – there is no effect; objectives achieved
Minor	2 – there is only a small effect; objectives would be easily met
Moderate	3 – there is a medium effect; objectives would still be met but with an added cost
Serious	4 – there is a major effect; objectives may not be achieved without significant cost
Critical	5 - there is a disastrous effect; objectives could not be achieved
Unit Impact	Impact level that the adverse event would have on the campus Unit you represent (see Impact scale above).
Campus Impact	Impact level that the adverse event would have on the entire campus (see Impact scale above).



UNT Dallas

Compliance Risk Work Plan Overview

R	Risk Focus Area	Commitment & Strategy	FY 2020 Risk Assessment					Overall Risk	
			Likelihood	Severity	Level of Control	Residual Exposure	Campus Impact		System Impact
1	¹Allegations/²Whistleblower Rating: H/H	¹ Verify allegations are being processed in accordance with applicable federal & state regulations, as well as applicable system-wide & campus P&Ps. ² Verify campus has in place programs to provide faculty, staff, & students means to report concerns without fear of retaliation.	5	4	3	4	4	4	4.00
2	Community Well-Being Rating: M/H	“Looking Upstream” in detecting & preventing activities that compromise health & safety, provide the UNT Dallas campus & neighboring community with the necessary support to nurture a sense of security & maintain a safe environment. Determine, provide, & distribute to the all members of the UNT Dallas campus community the resources & support to effectively address existing & emerging health & safety concerns.	3	4	3	3.33	4	NA	3.67
3	Minors on Campus Rating: H/H	UNT Dallas sponsors a wide range of activities involving minors. It is essential that campus units conduct all youth activities in compliance with all applicable regulations. The need to have a keen awareness of the associated risks by all involved is critical. Comprehensive administrative & management protocols must be in place to protect the health, safety, & welfare of minors when they are in the custody of the University. Accordingly, system-wide, campus, & unit best practices need to be reviewed on a routine basis, with updates, as needed.	4	4	2	3.33	4	NA	3.67
4	¹Emergency Management/ ²Business Continuity Plan (BCP) Rating: H/H	¹ Provide campus leadership with educational & informational opportunities to prepare them for their roles & responsibilities in responding to campus-wide, community, regional, state, national, & international emergencies. ² Promote programs to develop, monitor, & update campus unit BCPs & verify plans are current or being updated, as well as providing website to identify informational resources & links.	4	4	4	4	4	3	3.67
5	Physical Infrastructure/ Condition & Maintenance Rating: H/H	The UNT Dallas physical infrastructure represents an extremely valuable asset. Physical space is the literal foundation supporting the academic mission. Senior leadership is well aware of the importance of these structures & the high stakes involved in managing them. However, sometimes facilities operations & maintenance are a bottom-line cost to be controlled & not, necessarily, an institutional priority. Verify campus has effective processes & decision support methods in place to address prioritization & effects all facilities maintenance.	4	4	4	4	4	3	3.67

Compliance Risk Work Plan Prioritized Risk Focus Areas

	Risk Focus Area	Commitment & Strategy
1	¹ Allegations/ ² Whistleblower	¹ Verify allegations are being processed in accordance with applicable federal & state regulations, as well as applicable UNT guidance. ² Verify campus has in place programs to provide faculty, staff, & students means to report concerns without fear of retaliation.

Risk Focus Area	Higher Education Risk						Groups Impacted						Responsible Units/Stakeholders						
	Strategic	Operational	Financial	Reputational	Compliance	Other Identified Categories	Students	Faculty	Staff	Visitors	Community	Other Identified Groups	Senior Leadership	UNTPD	B&P	Academics	Student Affairs	Risk Services	Compliance
¹ Allegations/ ² Whistleblower	X	X	X	X	X		X	X	X			X	X	X	X	X		X	• OGC/IA/HR • IRT

Compliance Risk Work Plan Prioritized Risk Focus Areas

Risk Focus Area	Commitment & Strategy
2 Community Well-Being	<p>“Looking Upstream” in detecting & preventing activities that compromise health & safety, provide the UNT Dallas campus & neighboring community with the necessary support to nurture a sense of security & maintain a safe environment. Determine, provide, & distribute to the all members of the UNT Dallas campus community the resources & support to effectively address existing & emerging health & safety concerns.</p>

Risk Focus Area	Higher Education Risk						Groups Impacted						Responsible Units/Stakeholders							
	Strategic	Operational	Financial	Reputational	Compliance	Other Identified Categories	Students	Faculty	Staff	Visitors	Community	Other Identified Groups	Senior Leadership	UNTPD	B&P	Academics	Student Affairs	Risk Services	Compliance	Other Campus & UNT World Units
Community Well-Being	X	X	X	X	X		X	X	X	X	X		X	X	X	X	X	X	X	

Compliance Risk Work Plan Prioritized Risk Focus Areas

Risk Focus Area	Commitment & Strategy
3 Minors on Campus	<p>UNT Dallas sponsors a wide range of activities involving minors. It is essential that campus units conduct all youth activities in compliance with all applicable regulations. The need to have a keen awareness of the associated risks by all involved is critical. Comprehensive administrative & management protocols must be in place to protect the health, safety, & welfare of minors when they are in the custody of the University. Accordingly, system-wide, campus, & unit best practices need to be reviewed on a routine basis, with updates, as needed.</p>

Risk Focus Area	Higher Education Risk						Groups Impacted						Responsible Units/Stakeholders							
	Strategic	Operational	Financial	Reputational	Compliance	Other Identified Categories	Students	Faculty	Staff	Visitors	Community	Other Identified Groups	Senior Leadership	UNTPD	B&P	Academics	Student Affairs	Risk Services	Compliance	Other Campus & UNT World Units
Minors on Campus	X	X	X	X	X		X	X	X	X	X		X	X	X	X	X	X	X	

Compliance Risk Work Plan Prioritized Risk Focus Areas

Risk Focus Area	Commitment & Strategy
4 ¹ Emergency Management/ ² Business Continuity Plan	¹ Provide campus leadership with educational & informational opportunities to prepare them for their roles & responsibilities in responding to campus-wide, community, regional, state, national, & international emergencies. ² Promote programs to develop, monitor, & update campus unit BCPs & verify plans are current or being updated, as well as providing website to identify informational resources & links.

Risk Focus Area	Higher Education Risk						Groups Impacted						Responsible Units/Stakeholders							
	Strategic	Operational	Financial	Reputational	Compliance	Other Identified Categories	Students	Faculty	Staff	Visitors	Community	Other Identified Groups	Senior Leadership	UNTPD	B&P	Academics	Student Affairs	Risk Services	Compliance	Other Campus & UNT World Units
¹ Emergency Management/ ² Business Continuity Plan (BCP)	X	X	X		X		X	X	X		X		X	X	X	X	X	X	X	• VC-FAC

Compliance Risk Work Plan Prioritized Risk Focus Areas

Risk Focus Area	Commitment & Strategy
5 Physical Infrastructure/ Conditions & Maintenance	The UNT Dallas physical infrastructure represents an extremely valuable asset. Physical space is the literal foundation supporting the academic mission. Senior leadership is well aware of the importance of these structures & the high stakes involved in managing them. However, sometimes facilities operations & maintenance are a bottom-line cost to be controlled & not, necessarily, an institutional priority. Verify campus has effective processes & decision support methods in place to address prioritization & effects all facilities maintenance.

Risk Focus Area	Higher Education Risk					Groups Impacted						Responsible Units/Stakeholders								
	Strategic	Operational	Financial	Reputational	Compliance	Other Identified Categories	Students	Faculty	Staff	Visitors	Community	Other Identified Groups	Senior Leadership	UNTPD	B&P	Academics	Student Affairs	Risk Services	Compliance	Other Campus & UNT World Units
Physical Infrastructure/ Condition & Maintenance	X	X	X	X	X		X	X	X	X	X		X	X	X	X	X	X	X	• VC-FAC

UNT System Administration Compliance Risk Work Plan Overview

R	Risk Focus Area	Commitment & Strategy	FY 2020 Risk Assessment					
			Likelihood	Severity	Level of Control	Residual Exposure	System Impact	Overall Risk
1	¹ Allegations/ ² Whistleblower Rating: H/H	¹ Verify allegations are being processed in accordance with applicable federal & state regulations, as well as applicable system-wide regulations & policies. Put in place a mechanism to provide greater visibility to senior leadership of the number & status of investigations throughout UNT World. ² Verify System Administration has in place programs, including an effective communications campaign, to provide individuals the means of reporting concerns without fear of retaliation.	5	4	3	4	4	4.00
2	Physical Infrastructure/ Conditions & Maintenance Rating: H/H	Providing system-wide assistance to the three campuses, as well as addressing the System Administration physical infrastructure requires effective oversight. Physical space provides growth opportunities that help support the overall UNT World mission. Senior leadership is well aware of the importance of these structures & the high stakes involved in managing them. This requires real-time access to facilities data, including maintenance requirements. A thorough analysis of this information and an assessment of the current tools & processes will help in determining how to better identify & prioritize requirements as the campuses throughout the system grow.	4	4	3	3.67	4	3.83
3	¹ Emergency Management/ ² Business Continuity Plan Rating: H/H	¹ Provide System Administration leadership with educational & informational opportunities to prepare them for their roles & responsibilities in responding to system-wide, community, regional, state, national, & international emergencies. ² Promote programs to develop, monitor, & update applicable System Administration BCPs & verify plans are current or being updated, as well as providing website to identify informational resources & links.	4	4	3	3.67	3	3.33
4	Policy Management Rating: H/M	Promote active culture of compliance in accordance with the System Administration CIP by: 1) updating policy on policies; 2) implementing standard review protocol; 3) develop & execute a comprehensive review of System Administration regulations & policies; & 4) review, revise website for easier access, as well as access to informational resources & links.	4	3	2	3	3	3.00

UNT System Administration

Compliance Risk Work Plan Prioritized Risk Focus Areas

	Risk Focus Area	Commitment & Strategy
1	¹ Allegations/ ² Whistleblower Rating: H/H	¹ Verify allegations are being processed in accordance with applicable federal & state regulations, as well as applicable system-wide regulations & policies. Put in place a mechanism to provide greater visibility to senior leadership of the number & status of investigations throughout UNT World. ² Verify System Administration has in place programs, including an effective communications campaign, to provide individuals the means of reporting concerns without fear of retaliation.

Risk Focus Area	Risk Categories Impacted					Other Identified Categories	Groups Impacted						Other Identified Groups	Responsible Units/Stakeholders								
	Strategic	Operational	Financial	Reputational	Compliance		Staff	Visitors	Community	UNT	UNTHSC	UNT Dallas		Senior Leadership	OGC	Finance	Facilities	Internal Audit	Academics	HR Bundle	IT	Compliance
¹ Allegations/ ² Whistleblower	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		

UNT System Administration

Compliance Risk Work Plan Prioritized Risk Focus Areas

R	Risk Focus Area	Commitment & Strategy
2	Physical Infrastructure/ Conditions & Maintenance Rating: H/H	Providing system-wide assistance to the three campuses, as well as addressing the System Administration physical infrastructure requires effective oversight. Physical space provides growth opportunities that help support the overall UNT World mission. Senior leadership is well aware of the importance of these structures & the high stakes involved in managing them. This requires real-time access to facilities data, including maintenance requirements. A thorough analysis of this information and an assessment of the current tools & processes will help in determining how to better identify & prioritize requirements as the campuses throughout the system grow.

Risk Focus Area	Risk Categories Impacted					Groups Impacted							Responsible Units/Stakeholders										
	Strategic	Operational	Financial	Reputational	Compliance	Other Identified Categories	Staff	Visitors	Community	UNT	UNTHSC	UNT Dallas	Other Identified Groups	Senior Leadership	OGC	Finance	Facilities	Internal Audit	Academics	HR Bundle	IT	Compliance	Other Campus & UNT World Units
Physical Infrastructure/ Condition & Maintenance	X	X	X	X	X		X	X	X	X	X	X	Third Party Vendors	X	X	X	X	X	X	X	X	X	

UNT System Administration

Compliance Risk Work Plan Prioritized Risk Focus Areas

R	Risk Focus Area	Commitment & Strategy
3	¹ Emergency Management/ ² Business Continuity Plan Rating: H/H	¹ Provide System Administration leadership with educational & informational opportunities to prepare them for their roles & responsibilities in responding to system-wide, community, regional, state, national, & international emergencies. ² Promote programs to develop, monitor, & update applicable System Administration BCPs & verify plans are current or being updated, as well as providing website to identify informational resources & links.

Risk Focus Area	Risk Categories Impacted					Groups Impacted							Responsible Units/Stakeholders										
	Strategic	Operational	Financial	Reputational	Compliance	Other Identified Categories	Staff	Visitors	Community	UNT	UNTHSC	UNT Dallas	Other Identified Groups	Senior Leadership	OGC	Finance	Facilities	Internal Audit	Academics	HR Bundle	IT	Compliance	Other Campus & UNT World Units
¹ Emergency Management/ ² Business Continuity Plan	X	X	X		X		X		X	X	X	X		X	X	X	X	X	X	X	X	X	

UNT System Administration

Compliance Risk Work Plan Prioritized Risk Focus Areas

R	Risk Focus Area	Commitment & Strategy
4	Policy Management Rating: H/M	Promote active culture of compliance in accordance with the System Administration CIP by: <ol style="list-style-type: none"> 1) updating policy on policies; 2) implementing standard review protocol; 3) develop & execute a comprehensive reiew of System Adminstration regulations & policies; & 4) review, revise website for easier access, as well as access to informational resources & links.

Risk Focus Area	Risk Categories Impacted						Groups Impacted							Responsible Units/Stakeholders									
	Strategic	Operational	Financial	Reputational	Compliance	Other Identified Categories	Staff	Visitors	Community	UNT	UNTHSC	UNT Dallas	Other Identified Groups	Senior Leadership	OGC	Finance	Facilities	Internal Audit	Academics	HR Bundle	IT	Compliance	Other Campus & UNT World Units
Policy Management	X	X	X		X		X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	

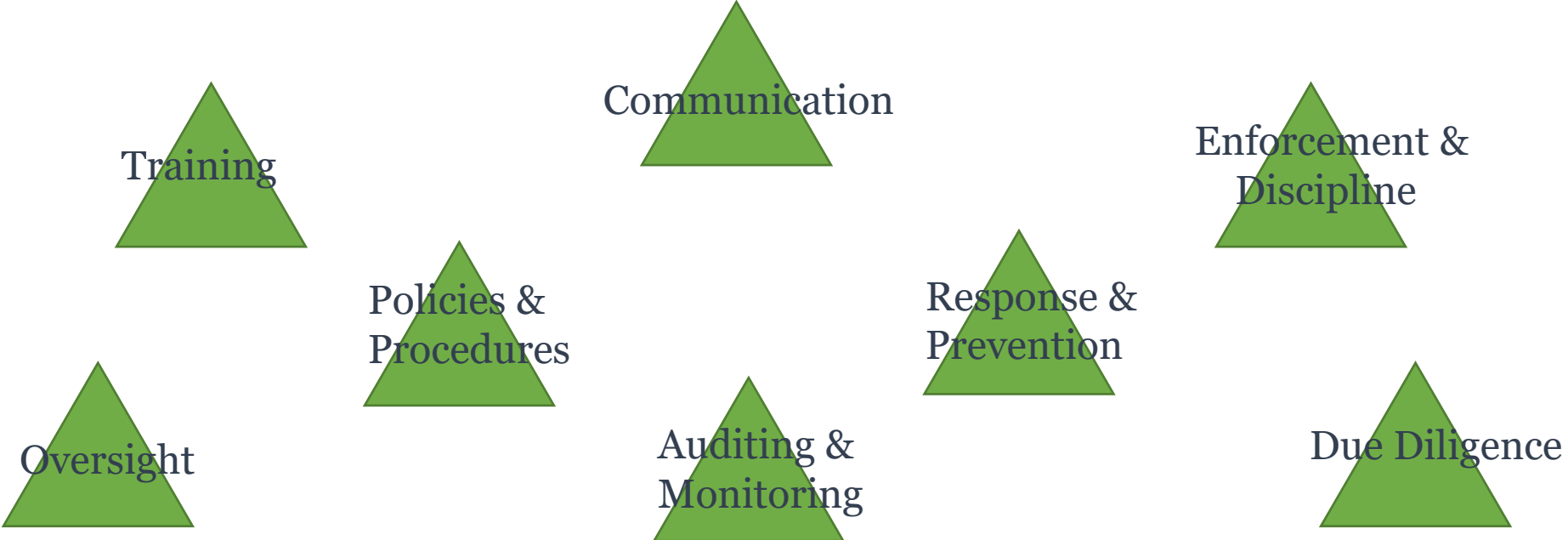
A photograph of the University of North Texas campus. In the foreground, a large, dark, textured arch sculpture stands over a fountain. A person is walking through the arch. In the background, there are brick buildings, trees, and a clock tower. The sky is blue with some clouds.

University of North Texas FY 2020 Compliance Work Plan

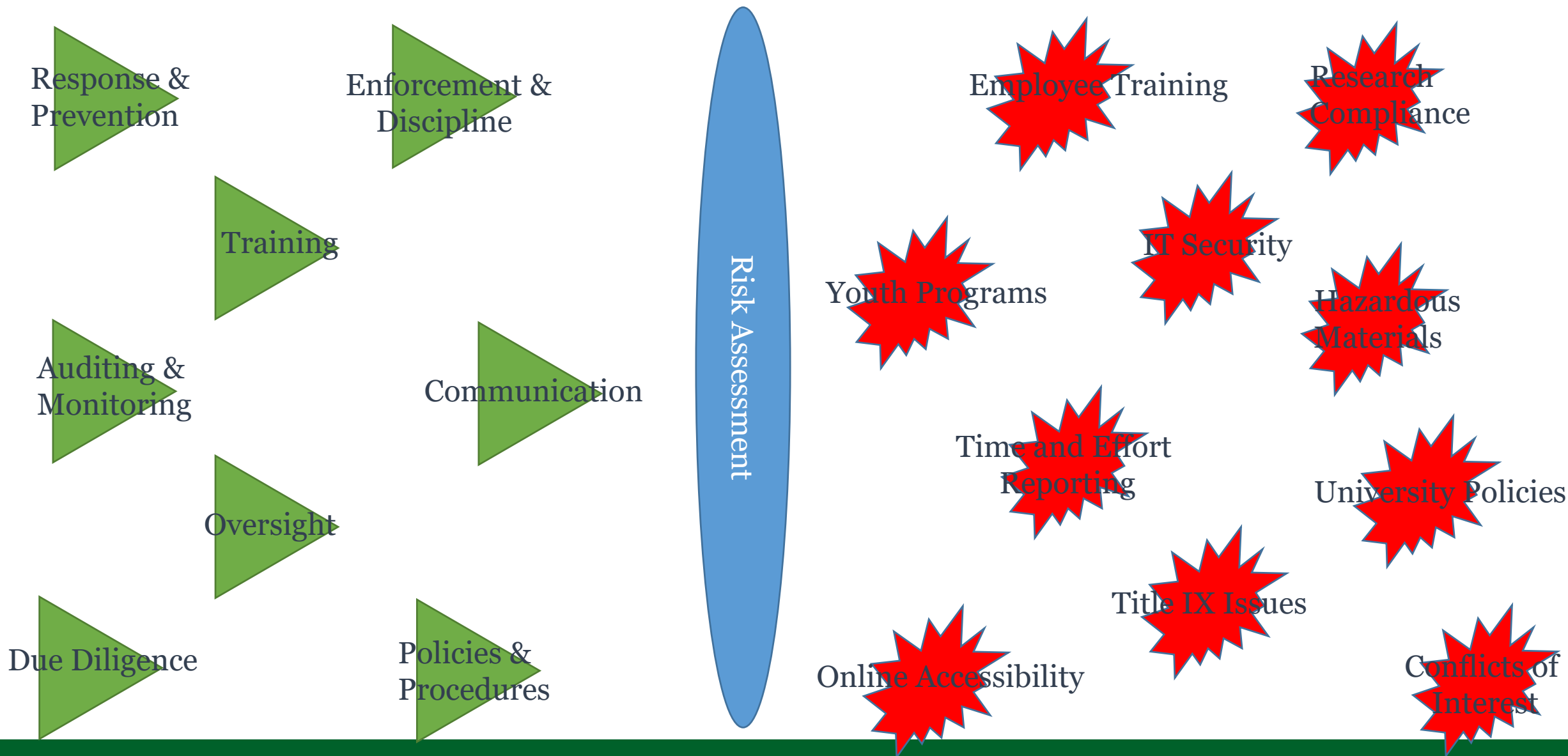
Goals of the University Compliance and Ethics Office

- Foster an internal and external perception of UNT as an ethical organization
- Prevent violations of law and policy
- Create a legal defense for the university
- Improve the performance of the compliance and ethics program

Compliance & Ethics Tools



Risk assessment directs tools to areas of high risk



Risk Assessment Process

A. Develop initial list of compliance risks

- Experience at other Tier 1 Research Universities
- Higher Education Compliance Alliance
- Association of College and University Auditors
- Media reports

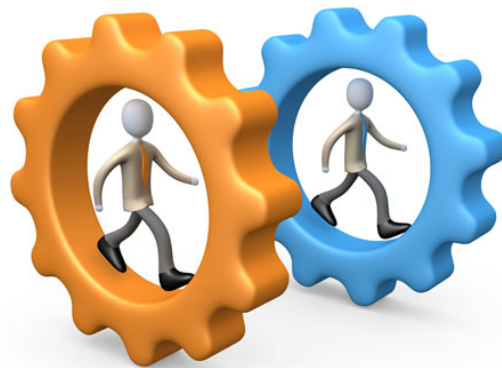
B. Meet with UNT personnel responsible for compliance

- Vice Presidents and Deans
- Senior management teams
- Subject Matter experts
- Managers with responsibility for significant compliance areas

Risk Assessment Process

C. Sort and consolidate risks into areas or “buckets”

- Governance and Leadership
- Instruction and Academic Support
- Research and Development
- Student Services
- Human Resource Management
- Fiscal and Asset Management
- Information Systems
- Campus Operations
- Auxiliary Operations and Athletics



Risk Assessment Process

- D. Evaluate risks based on perceived likelihood of occurrence and impact in relation to all risks present
- Assessed on residual risk after all mitigation controls are considered
- E. Review initial evaluation with individual Executive Compliance Committee members
- F. Review completed list with Executive Compliance Committee

FY 2019 Risk Priorities

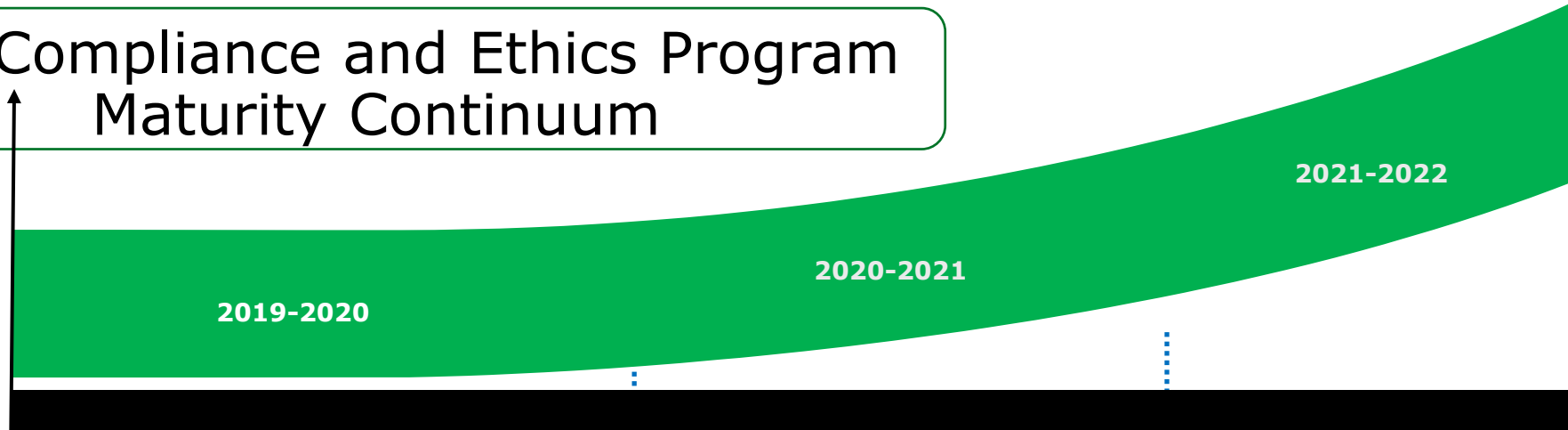
Risk Description	Control Assessment	Inherent Risk	Residual Risk
1. Protecting Minors Participating in UNT Related Activities	Yes	High	High
2. Electronic Information Mis-Handling	Yes	High	High
3. Time and Effort Reporting	Moved to 2020 Workplan	High	High
4. Grants Management	Moved to 2020 Workplan	High	High
5. Research Conflict of Interest	Yes	High	High
6. Hazardous Waste Management	Moved to 2020 Workplan	High	High
7. Required Compliance Related Training	Yes	High	High
8. HIPAA Compliance	Risk level re-evaluated	Medium	Medium
9. I-9 Compliance	Risk level re-evaluated	Medium	Medium
10. Laboratory Inspections and Follow-Up	Yes	High	Medium
11. Business Continuity	Risk level re-evaluated	Medium	Medium
12. Waste Water Management	Risk level re-evaluated	Medium	Medium
13. Radiation Safety	Yes	Medium	Medium
14. Records Management and Retention	Yes	Medium	Low
15. Emergency Planning and Preparedness	Risk level re-evaluated	High	Medium
16. Individual Conflict of Interest	Yes	Medium	Medium

FY 2020 Risk Priorities

Risk Description	Inherent Risk	Residual Risk
1. Employee Training	High	High
2. University Policies	High	High
3. UNT Programs Involving Minors	High	High
4. Research Compliance Programs	High	High
5. Accessibility of Online Programs	High	High
6. Conflicts of Interest and Commitment	High	High
7. Time and Effort Reporting	High	High
8. Information Technology systems confidentiality, integrity, and probability	High	High
9. Hazardous materials transportation and disposal	High	High
10. Compliance with Title IX Sexual Discrimination/Violence/Assault laws	High	High

UNT Compliance and Ethics Program Maturity Continuum

Effectiveness ↑



FY20 COMPLIANCE AND ETHICS PROGRAM DEVELOPMENT

1. Develop Program Metrics and Reporting Tool
2. Improve effectiveness of Executive Compliance Committee meetings
3. Implement new required training for employees
4. Integrate compliance partners into investigation reporting
5. Assist policy owners with improving compliance policies
6. Create a compliance communications plan
7. Conduct annual risk assessment

Board of Regents Audit Committee Off Cycle Meeting

FY20 Compliance Work Plan

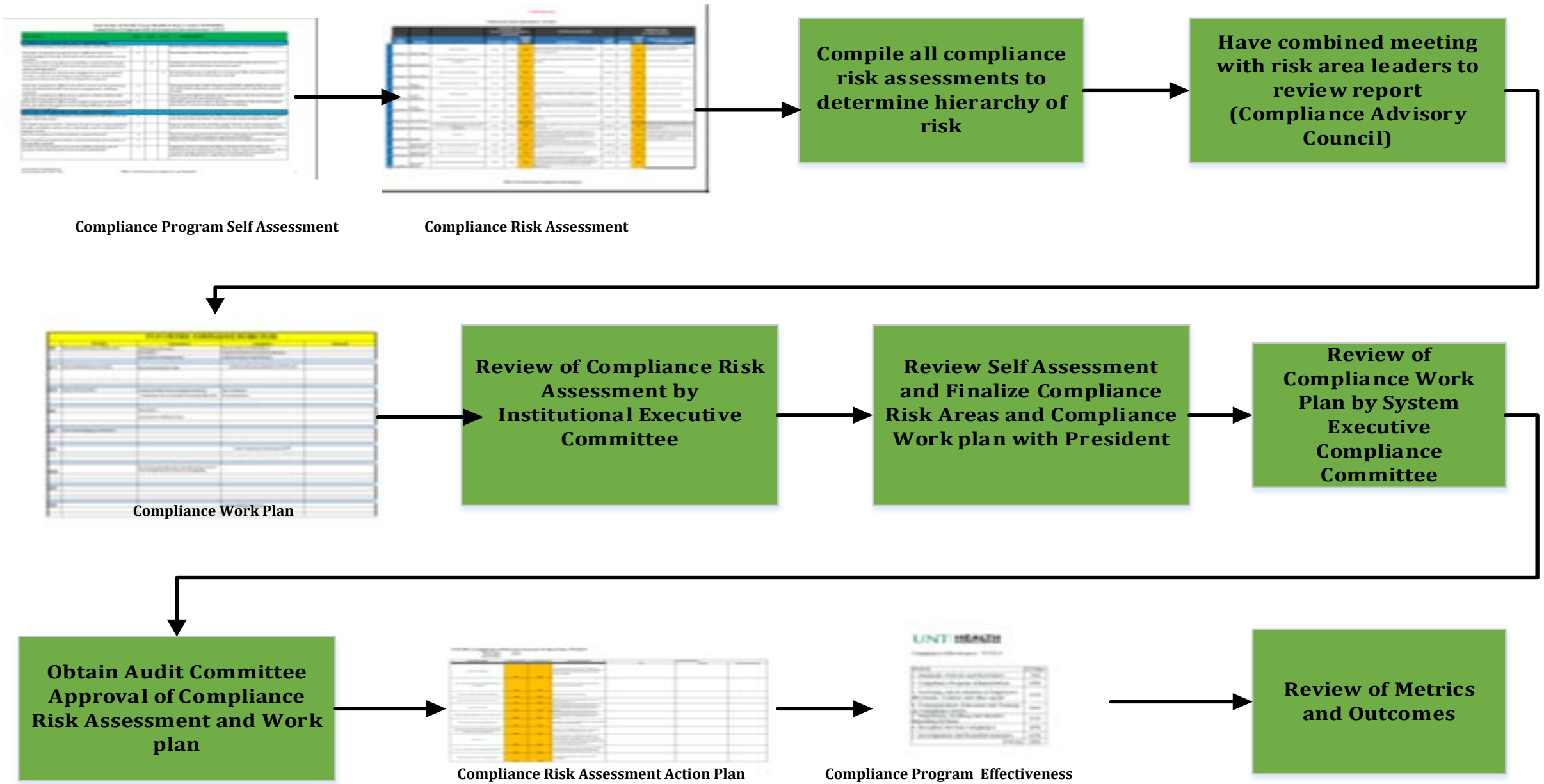
Desiree K Ramirez

Chief Compliance and Integrity Officer

UNTHSC

Compliance Program Assessment, Risk and Effectiveness

1. Compliance Program Self-Assessment Questionnaire- annual evaluation the effectiveness of the UNTHSC Compliance Program
2. Compliance Risk Assessment- An assessment of the full spectrum of compliance risks in each part of the organization.
3. Compliance Work Plan- A compliance work plan serves as a list of planned actions that will be conducted in response to identified risk areas and. A review of program assessment and Compliance Risk Assessment determines what areas the institution will focus throughout the fiscal year and allocate resources.
4. Compliance Risk Assessment Action Plan- response and activities associated with mitigating identified risk areas including education and training, review of policies and procedures and/or auditing and monitoring
5. Compliance Effectiveness Scorecard- Utilizing The Compliance Program Resource Guide prepared by the Department of Health and Human Services Office of Inspector General (OIG) and the Health Care Compliance Association (HCCA), define the metrics for the Compliance Program for annual evaluation, assessment/re-assessment and accountability.



COSO Framework for Internal Controls

- The Committee of Sponsoring Organizations of the Treadway Commission (**COSO**)
 - Establish, assess and enhance internal controls
- Compliance Risk Assessment Review includes:
 - **Control Environment/Governance and Culture**
 - **Risk Assessment/Strategy and Objectives**
 - **Control Activities/Performance**
 - **Monitoring/Review and Revision**
 - **Information, Communication and Reporting**

Control Assessment Example- Title IX Compliance

Assessment Factor	Indication of Stronger Controls	Current Controls	Assessment				
			Weak-Strong				
			1	2	3	4	5
Control Environment/Governance and Culture							
Risk Oversight							
Department leaders provide oversight of strategy and carry out responsibilities to support management in achieving strategy and business objectives	<ul style="list-style-type: none"> Department leaders demonstrate a commitment to integrity and ethical values <ul style="list-style-type: none"> Evaluates adherence to standards of conduct Addresses any deviations in a timely manner 	Title IX Coordinator & Student Affairs adhere to standards of conduct Follows HSC policies and reports all complaints in a timely manner					X
Operating Structure							
Department leaders establish operating structures in the pursuit of strategy and business objectives	<ul style="list-style-type: none"> Department leaders manage and exercise oversight of development and performance of internal controls <ul style="list-style-type: none"> Established oversight responsibilities 	Title IX Coordinator receives an annual performance evaluation Title IX programming adheres to the Division of Student Affairs strategic plan					X
Desired Culture							
Defines the desired behaviors that characterize UNTHSC's desired cultures	<ul style="list-style-type: none"> Department leaders establish structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives <ul style="list-style-type: none"> Considers all structures of the department/entity Established reporting lines Defines and assigns responsibilities Demonstrates commitment to UNTHSC values 	Title IX Coordinator is defined in the Division of Student Affairs organizational structure Title IX has established reporting lines Title IX has defined responsibilities Title IX adheres to the HSC values and follows HSC policies					X

FY 19 Control Assessment

Identified Risk	Inherent Risk	Residual Risk	Existing Control	Control Assessment	Inherent Risk	Residual Risk
Title IX Compliance	High	High	Annual Training of all student employees; training for all new student upon matriculation; Title IX coordinator identified and receives annual training	Yes	Medium	Low
Loss of Federal Aid Funding/Financial Aid Compliance	High	High	Internal Monitoring of funding and internal audits completed quarterly.	Yes	Medium	Medium
Accuracy of State and Federal Reports	High	High	Internal Monitoring of Reports	Yes	Low	Low

FY 19 Control Assessment

Identified Risk	Inherent Risk	Residual Risk	Existing Control	Control Assessment	Inherent Risk	Residual Risk
Immunizations (State vs. other carriers)	High	High	EMR has option to identify patient insurer	Yes	Medium	Medium
Medical Necessity	High	High	Routine Physician Documentation Audits. Understanding the elements needed for each level of Evaluation and Management CPT service.	Incorporated into Routine Provider Audits		
Modifier -25	High	High	Routine Physician Documentation Audits. Understanding the elements needed for each level of Evaluation and Management CPT service.	Ongoing (OIG Work Plan)	High	High

FY 19 Control Assessment

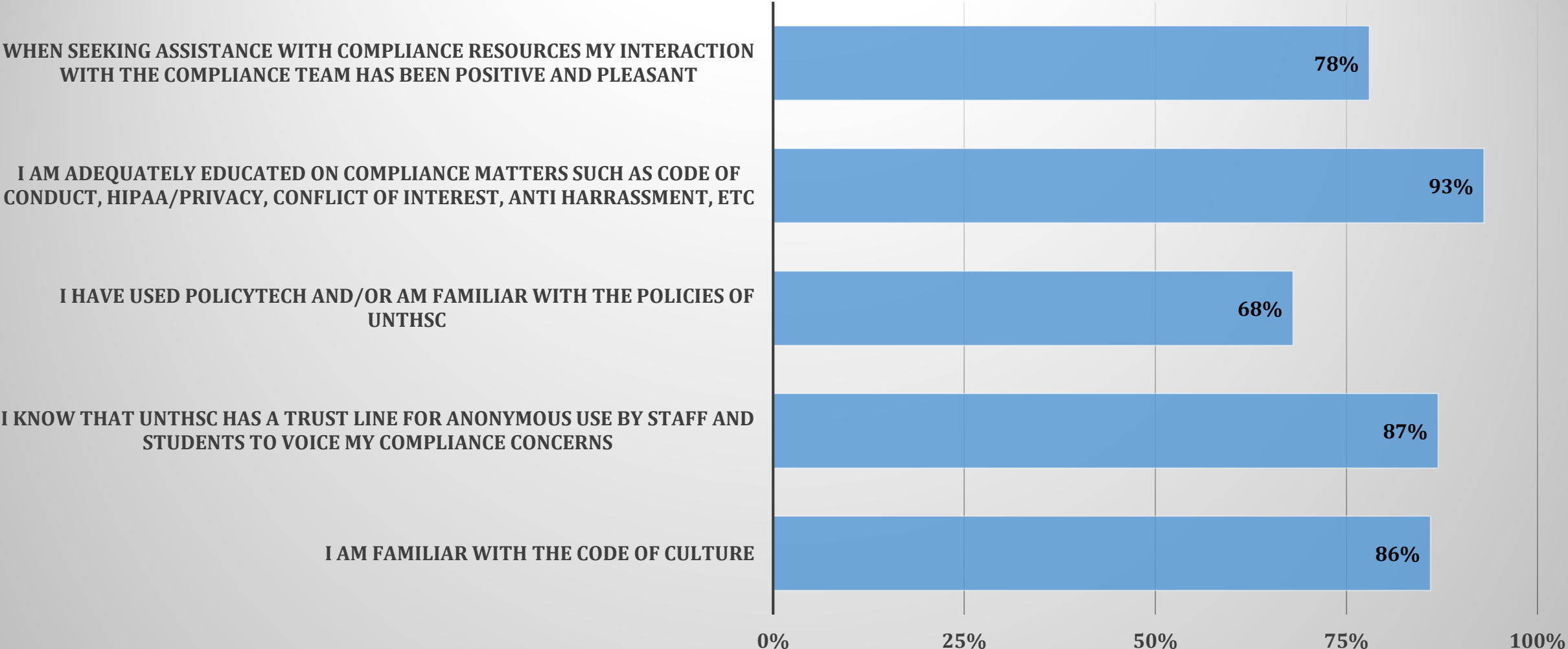
Identified Risk	Inherent Risk	Residual Risk	Existing Control	Control Assessment	Inherent Risk	Residual Risk
Documentation and Billing of Drugs	High	High	Selection of Correct Billing Code for drugs; Recall procedures and reporting	Yes	Medium	Medium
New Services (Care Plan Oversight; Transitional Care; Prolonged Svcs; Chronic Care)	High	High	Compliance Training for new Codes	Yes	Medium	Medium
Key Access	High	High	Currently when an employee is leaves the campus they are supposed to turn there keys into the Police department. Proper actions are not always taken by the exiting employee causes unaccounted grand master keys	Moved to FY20 Work Plan	High	High

FY 19 Control Assessment

Identified Risk	Inherent Risk	Residual Risk	Existing Control	Control Assessment	Inherent Risk	Residual Risk
Veteran's Preference during hiring and RIFT	High	High	Veteran's preference is documented during the onboarding process; however, there are no verification mechanisms in place (DD-214).	Risk and Controls to be assessed by Human Resources		
ADA Accommodations Tracking System	High	High	All manual, information collected by HR Generalists.	Risk and Controls to be assessed by Human Resources		
Unauthorized Access to protected and regulated information	High	High	Routine Physician Documentation Audits. Understanding the elements needed for each level of Evaluation and Management CPT service.	Moved to FY20 Work Plan	High	High

Compliance Resource Awareness Survey

N=386



Compliance Effectiveness

Element 4: Communication, Education and Training

Component	Actual	Actual Score	Effectiveness	Effectiveness Score	Final Score
Promote Culture of Compliance throughout organization	Did we promote?	89%	Was the promotion received?	100%	89%
Participation in ongoing education/training is tracked	Did we track participation?	100%	Did tracking increase the number of on-time participation?	100%	100%
Assure risk-specific training is conducted for targeted employees, students and affiliates	Was the risk-based training assigned to targeted faculty members	94%	Was the risk based training completed on time?	97%	91%
Ensure employees/students educated on policies	Were <i>active</i> (on Learn HSC) employees/students educated on polices/Code of Culture	100%	Were Certification of Commitment documents submitted on-time ($\geq 80\%$)?	100%	100%
Communicate compliance information throughout organization	Did we communicate?	100%	Was the communication received?	100%	100%
Overall Score for Communication, Education and Training		<u>97%</u>		<u>99%</u>	<u>96%</u>

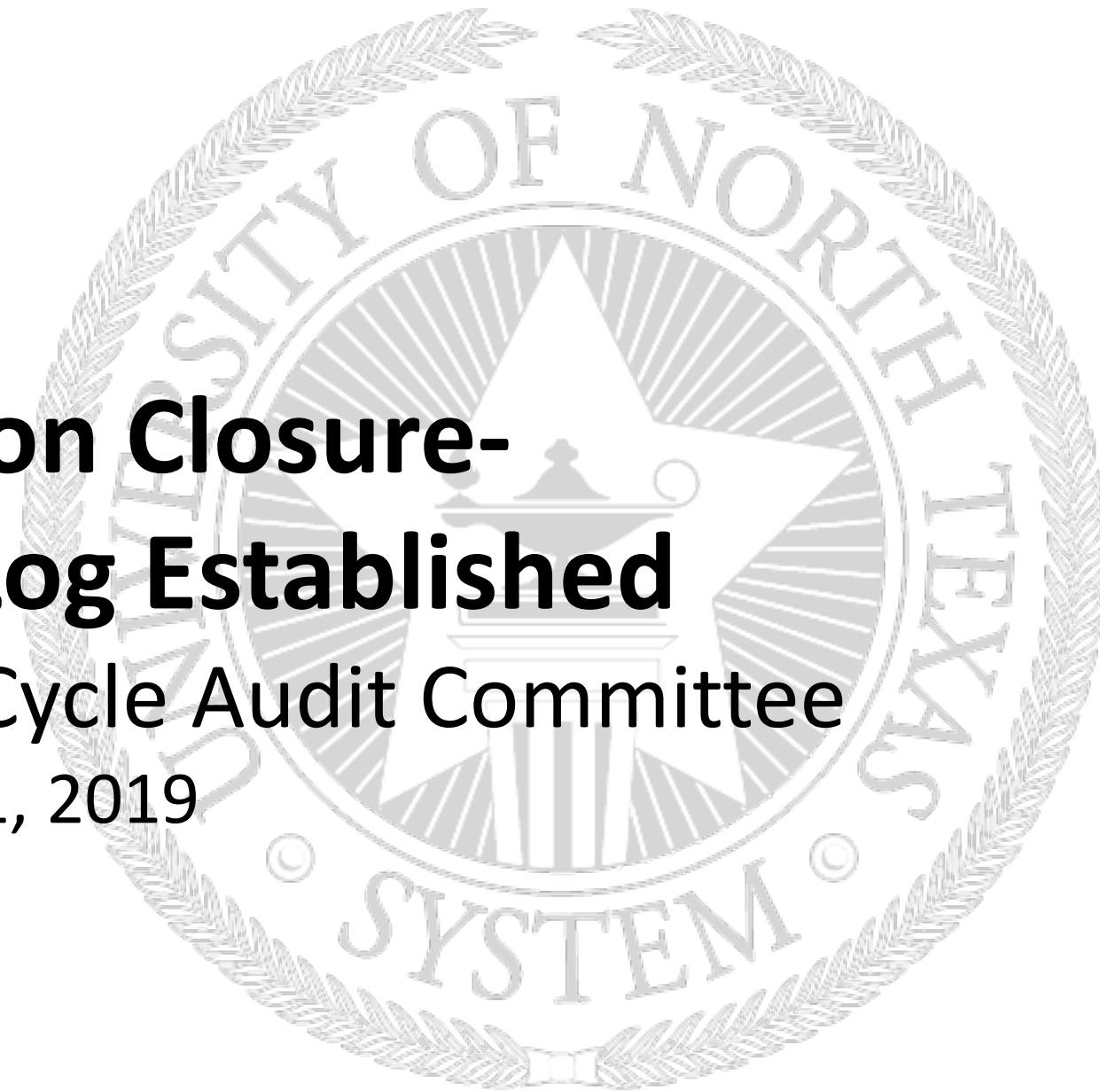
FY20 Compliance Work Plan

Risk Description	Current Controls	Inherent Risk	Residual Risk
Campus Off Boarding Process	RFID Tracking; Employees are to turn in all issued keys, IDs and computer equipment upon termination of employment; inventory of chemicals and hazardous materials reported in laboratories	High	High
Raffle Drawings	Yearly review of IRS policy; ensures following IRS tax exemption requirements; internal and external audits; communication with appropriate departments to ensure reporting, discussion of raffles, drawings prior to events; Only available 2x per year	High	High
Unauthorized Access to Protected Institutional Data	Wide spectrum of Administrative, Technical and Physical (information) currently deployed to protect institutional data	Extreme	High
Malicious code, malware or virus disruption of IT services	Wide spectrum of Administrative, Technical and Physical (information) security controls currently deployed to protect against malicious code, malware or virus disruption	High	High

FY20 Compliance Work Plan

Risk Description	Current Controls	Inherent Risk	Residual Risk
HIPAA/HITECH	HIPAA Annual Training; Campus Privacy Officer; HIPAA statements in handbooks, policies and syllabi; HIPAA Information Release Forms for subjects/patients; yearly review/reminder of regulations; HIPAA walk-throughs	High	High
Export Control	Currently website with information available to investigators and support from Office of Research Compliance; initial training; DOJ/COMM Outreach initiative	High	High
Background Checks	Background checks completed prior to hire; updated when change in job/position requires higher security access or participation in Minors on Campus activities	High	High
Conflict of Interest- Outside Employment Activities	Policy on outside employment (Supervisor/Chair to determine conflicts)	High	High

Questions?



**Board Action Closure-
Investigation Log Established**
Board of Regents Off Cycle Audit Committee
July 31, 2019

Investigation Log Established

- Starting June 2019, a monthly integrated investigation log has been established. The log includes all investigations in each of our three institutions and in system administration that have been initiated, on-going, or closed in the reporting month. Current exception is UNT with the following plan:
 - Currently UNT is reporting only investigations coming in through compliance in the monthly log.
 - UNT Compliance Officer has started to get insight into investigations which are initiated in Student Affairs, Equal Opportunity, Risk Management, and other investigatory offices and will include those in future monthly logs.
 - UNT President is currently made aware of incidents which meet materiality threshold by the respective investigatory office and reports those to the Chancellor and to the Board.
- The log is distributed monthly to the Chancellor, each President, each Compliance Officer, OGC, and Chief Internal Auditor.
- Monthly reports will help to ensure:
 - Compliance officers and appropriate officials are informed on institutional investigations in a timely fashion.
 - Consistency in reporting investigations, actions, and closures across institutions.
 - Reporting of items that meet materiality threshold to the Presidents, Chancellor, and to the Board.

Background – System Regulations

Informing the Chief Compliance Officer and Appropriate Officials of Compliance Concerns.

Institutions shall develop processes for informing the Chief Compliance Officer, Responsible Senior Official*, Chancellor, Vice Chancellor and General Counsel and Board of Regents of compliance concerns.

Informing the Chief Compliance Officer

Individuals who investigate reports of suspected misconduct, except law enforcement officials, shall inform the Institution's Chief Compliance Officer each time an investigation is initiated and completed, of the findings of the investigation, and of any disciplinary sanction imposed or corrective action taken to address a finding of misconduct. Individuals who are required to inform the Chief Compliance Officer pursuant to this section shall do so in a reasonable time, as determined by the Chief Compliance Officer, and in manner that maintains confidentiality and any recognized privileges.

Informing the Responsible Senior Official

The Chief Compliance Officers, in consultation with the Chief Audit Executive, shall establish uniform criteria for informing each Responsible Senior Official and the Chancellor of reports of suspected misconduct received by the Compliance and Integrity Programs. At a minimum, the criteria shall be designed to inform the Responsible Senior Official and Chancellor (i) of all reports of suspected misconduct or potential criminal conduct by Management Officials and individuals with substantial discretionary authority, (ii) of all reports alleging potential criminal conduct, and (iii) when the estimated financial impact is in excess of \$25,000 or involves the potential loss of federal or state funds.

Informing the Board of Regents

The Chancellor shall inform the Board of Regents or the appropriate committee of the Board (i) of all reports of suspected misconduct or potential criminal conduct by Management Officials and individuals with substantial discretionary authority, (ii) of all reports alleging potential criminal conduct, (iii) when the estimated financial impact is in excess of \$25,000 or involves a potential loss of federal or state funds, or (iv) when there is a material violation of a Regents Rule.

* "Responsible Senior Official" means the chief executive officer of the UNT System or an Institution.

The seal of the University of North Texas System is a large, faint watermark in the background. It features a central five-pointed star with a building facade at its base, surrounded by a circular border with the text "UNIVERSITY OF NORTH TEXAS SYSTEM".

External Review of Internal Audit

Board of Regents Off Cycle Audit Committee

July 31, 2019

External Review approach for IA

Per the System Administration Strategic Plan, an external review of each area in System Administration is being performed. The review of Internal Audit is being initiated and is planned to complete in FY20.

- The plan is to combine the Quality Assurance Review (QAR) of IA with the external review of IA into one review.
 - A QAR is required every three years per the UNT System Internal Audit Charter and would be due in 2020 since the last QAR occurred in November 2017.
 - A full QAR will be performed as part of this review since the November 2017 QAR excluded items covered in a full external assessment.

- The scope of the review will include:
 - Full external QAR (core components in backup).
 - IA capability model and staffing analysis.
 - Determination of key metrics to demonstrate IA effectiveness and institutional value.

- This approach will consist of the following phases:
 - RFP Development
 - RFP Response Evaluation
 - Conduct QAR & Internal Review
 - Review Recommendations
 - Implementation of Recommendations
 - Development of continuous improvement plan

Backup

Quality Assurance Review (QAR) Background

The internal audit (IA) profession is guided by The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* (IIA Standards) and governed by Texas Government Code, Chapter 2102, Texas Internal Auditing Act.

- IIA Standard 1312 documents the requirement for all IA functions to have “***external assessments, such as quality assurance reviews, conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization***”
- UNT System Internal Audit Charter states, “**The Chief Audit Executive will communicate to the Audit Committee on the internal audit activity’s quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every three years.**”

Two approaches for conducting a QAR:

- 1) A full external assessment performed by a qualified, independent external assessor or assessment team (QAR)
- 2) A self-assessment with independent external validation (SAIV)

Difference between the two approaches:

1) A full external assessment performed by a qualified, independent external assessor or assessment team (QAR)

Core Components:

- Level of conformance with the Standards and Code of Ethics. This may be evaluated via a review of the internal audit activity's charter, plans, policies, procedures, and practices.
- Efficiency and effectiveness of the internal audit activity. This may be measured through an assessment of the internal audit activity's processes and infrastructure, including the QAIP, and an evaluation of the internal audit staff's knowledge, experience, and expertise.
- The extent to which the internal audit activity meets expectations of the board, senior management, and operations management, and adds value to the organization.

2) A self-assessment with independent external validation (SAIV)

Core Components:

- A comprehensive and fully documented self-assessment process that emulates the full external assessment process, at least with respect to evaluating the internal audit activity's conformance with the Standards and Code of Ethics.
- Onsite validation by a qualified, independent external assessor.
- Limited attention to other areas such as benchmarking; review, consultation, and employment of leading practices; and interviews with senior and operations management.