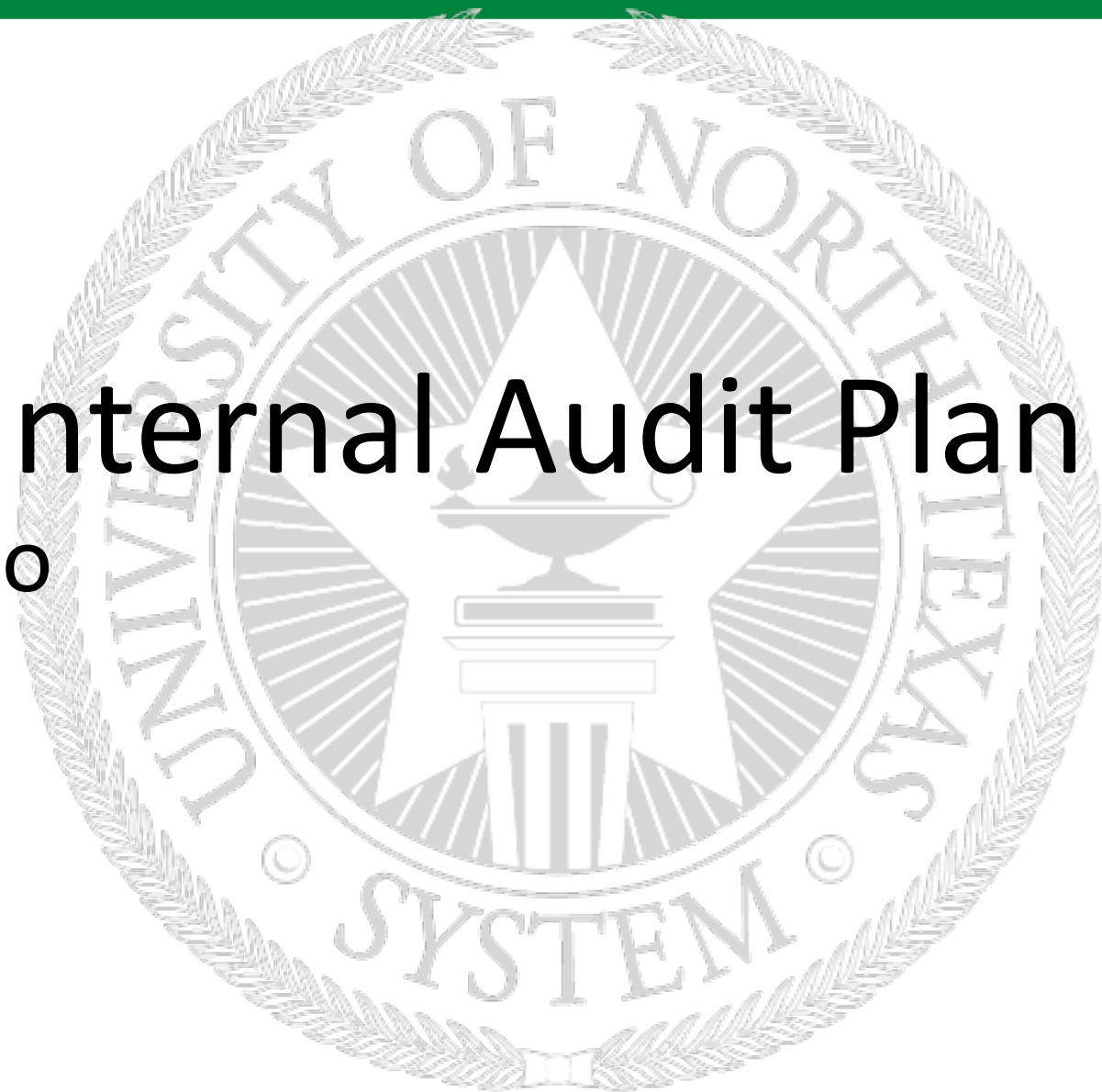# Fiscal Year 2022 - Internal Audit Plan

Presented by Ninette Caruso

August 12, 2021

FY22 Risk Assessment

Methodology, Results, Heat Map

FY22 Audit Plan

Audit Plan Coverage, Budget and Resources

Background Materials

Appendix I: FY22 Audit Universe with 5 Yr. Coverage History
Appendix II: FY22 Internal Audit Plan Detail

Audit Plan Development

We have updated our Audit Risk Assessment Methodology, executed the Risk Assessment, developed the FY22 Audit Plan, and secured resources to execute the Audit Plan

Methodology

Internal Audit Universe

- ✓ Create a framework to assess all aspects of risk across UNT World
- ✓ Comprehensive and inclusive of all risk management, governance and control processes across all campuses
- ✓ Used the Association of College University Auditors (ACUA) categories as baseline and adjust

Risk Assessment

- ✓ Evaluate Inherent risk (prior to considering controls) against Impact and Probability
- ✓ Impact considers: Financial Materiality, Strategic Alignment, Reputational, Regulatory and Operational risk
- ✓ Probability considers: Complexity, Volume, Issues and Changes

Audit Plan and Resources

- ✓ Aligned with highest risks
- ✓ Audit coverage assessed at the audit universe level, considering past 5-year coverage
- ✓ Assess staff capacity and capability to execute the plan
- ✓ Determine budget to fund resources needed

Results

- ✓ Creating 16 domains and 64 sub-categories (auditable units)
- ✓ Domains and auditable units are created at the process, risk, and function level
- ✓ One auditable unit NOT equal to an audit

- ▪ *See Appendix I for Audit Universe*

- ✓ Considered UNT World and campus strategies, emerging risks and obtained input from Management and External parties
- ✓ Distribution of risks across the auditable units - Critical to Low risk
- ✓ Determined overall risk score and adjusted to campus level
- ▪ *See slide 5 for Inherent Risk Assessment Heap Map*

- ✓ Audit Plan includes 26 audits
- ✓ 15% of resources dedicated to mandatory audits
- ✓ Full time FTE with assistance from outsource providers will execute the proposed audit plan
- ✓ A budget of ~$2.35M will provide resources to execute the proposed plan

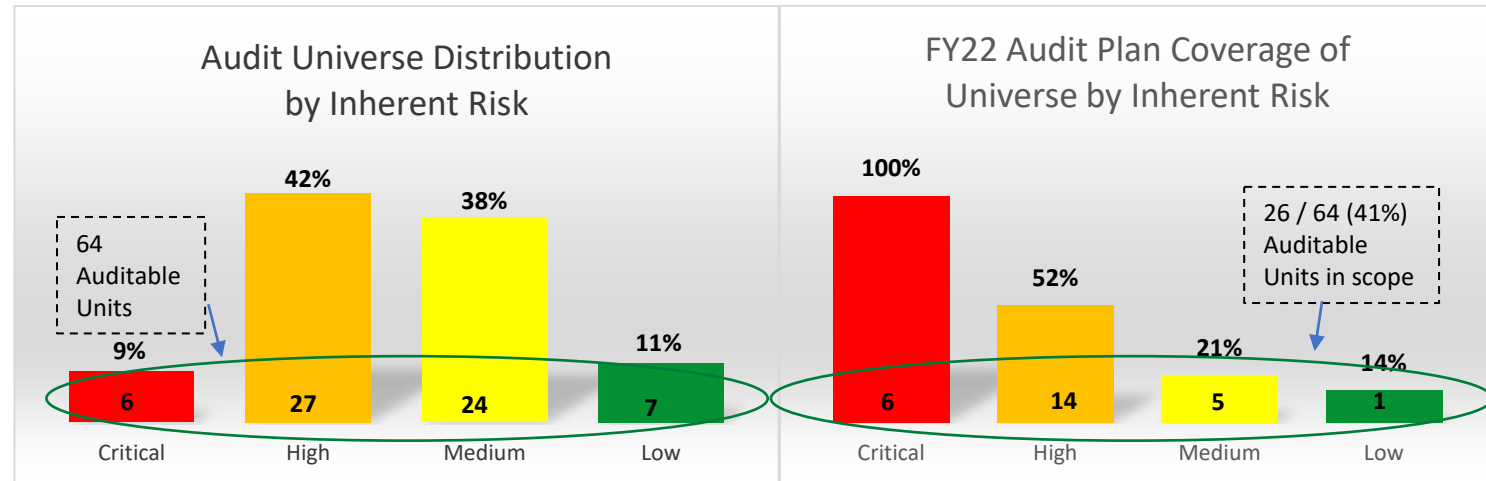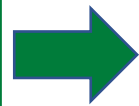- ▪ *See Appendix II for Audit Plan Details*

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Audit coverage for FY22 in line with highest risk and balanced across risk categories. The audit plan considers audit coverage of the past 5 years as well as activities of the compliance and other oversight functions.

Results

- The results of our annual risk assessment are distributed across Inherent Risk level.
- The Critical risk areas are approximately ~10% of the Audit Universe
- 100% of our Critical Risks are in scope for FY22

Audit Universe Distribution by Inherent Risk

	Critical	High	Medium	Low
%	9%	42%	38%	11%
Units	6	27	24	7

64 Auditable Units

FY22 Audit Plan Coverage of Universe by Inherent Risk

	Critical	High	Medium	Low
%	100%	52%	21%	14%
Units	6	14	5	1

26 / 64 (41%) Auditable Units in scope

Note: Numbers correlate with auditable units in Appendices
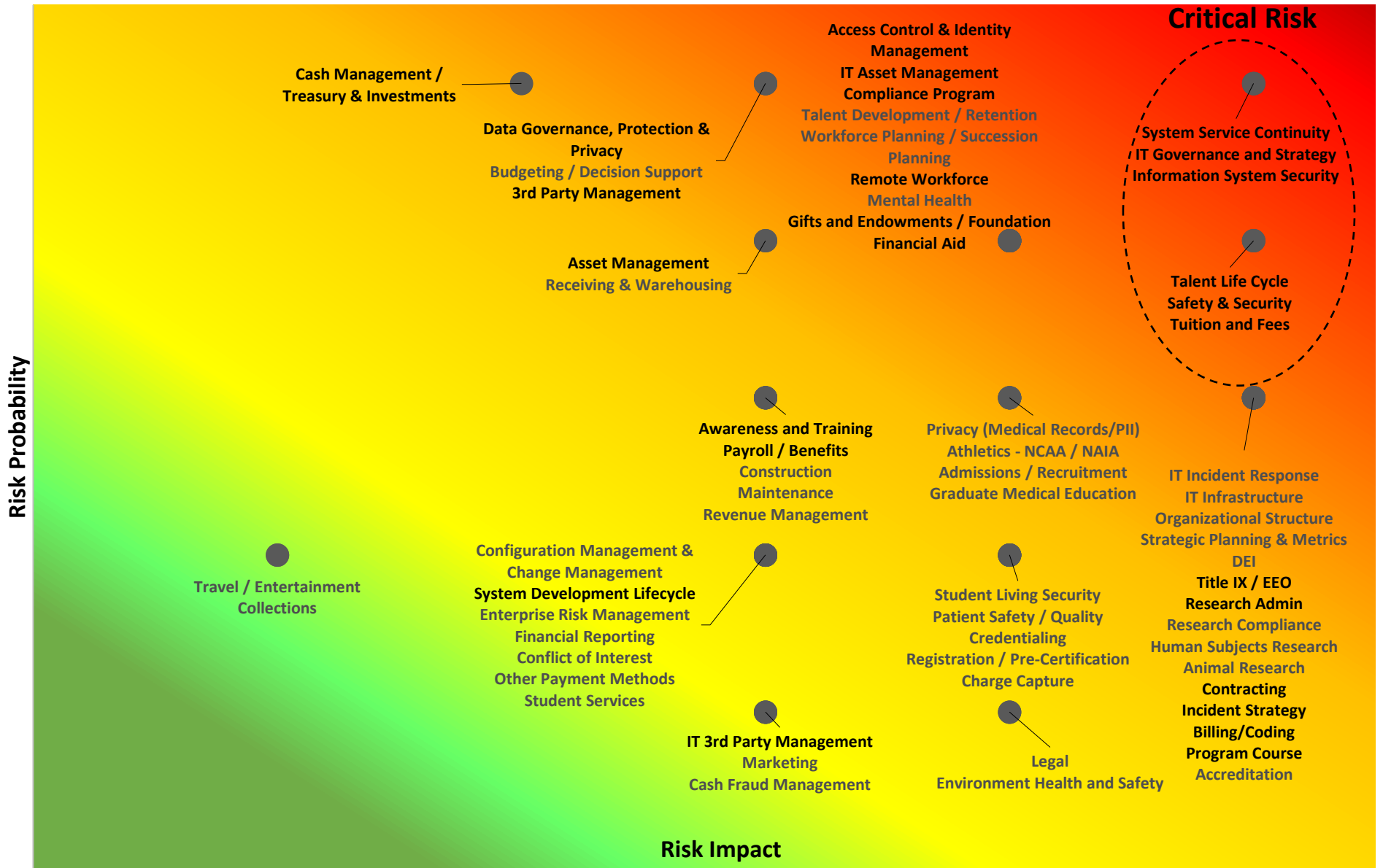
Advisory Services

- In FY22 our reviews are mostly centered around Assurance activities to ensure coverage of Critical and High-Risk areas

- Our strategy is to continue to engage in advisory services in FY22 through participation in committees and other strategic priorities

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- All 64 Auditable Units were risk assessed for both Impact and Probability on a scale of 1-5
- Each Auditable Unit has multiple topics that can be reviewed
- The results of the risk assessment is shown on the 5X5 heatmap
- Campus level risks that deviates from the overall UNT World risk are considered when audit scoping is performed.

Bold Black Font = Coverage in Audit Plan – does not imply comprehensive coverage

Risk Probability

Risk Impact

Critical Risk

Cash Management / Treasury & Investments

Data Governance, Protection & Privacy
Budgeting / Decision Support
3rd Party Management

Asset Management
Receiving & Warehousing

Access Control & Identity Management
IT Asset Management
Compliance Program
Talent Development / Retention
Workforce Planning / Succession Planning
Remote Workforce
Mental Health
Gifts and Endowments / Foundation
Financial Aid

System Service Continuity
IT Governance and Strategy
Information System Security

Talent Life Cycle
Safety & Security
Tuition and Fees

Awareness and Training
Payroll / Benefits
Construction
Maintenance
Revenue Management

Privacy (Medical Records/PII)
Athletics - NCAA / NAIA
Admissions / Recruitment
Graduate Medical Education

IT Incident Response
IT Infrastructure
Organizational Structure
Strategic Planning & Metrics
DEI
Title IX / EEO
Research Admin
Research Compliance
Human Subjects Research
Animal Research
Contracting
Incident Strategy
Billing/Coding
Program Course
Accreditation

Configuration Management & Change Management
System Development Lifecycle
Enterprise Risk Management
Financial Reporting
Conflict of Interest
Other Payment Methods
Student Services

Travel / Entertainment
Collections

Student Living Security
Patient Safety / Quality
Credentialing
Registration / Pre-Certification
Charge Capture

IT 3rd Party Management
Marketing
Cash Fraud Management

Legal
Environment Health and Safety

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Internal Audit(IA) plan for FY22 are depicted at a high level based on the Risk Category identified. A "one to many/many to one" relationship exists between the auditable unit and the specific audits. All calculations within this presentation are from an auditable unit perspective.

Key:
Inherent Risk Rating:
| C – Critical Risk | H – High Risk |
| M – Medium Risk | L- Low Risk |

CM – Continuous Monitoring
*Mandatory

Risk Theme and Focus Area

External Events Risk
- Social and political climate
- Public and mental health crisis
- Ongoing Pandemic
- Environment and climate challenges

UNT System	UNT	UNT Dallas	UNTHSC
Emergency Safety Preparedness (C) (CM)			

People / Leadership Risk
- Scarcity in future needed skill sets
- Challenges attracting right talent given competition
- Employee and Employer regulation changes

UNT System	UNT	UNT Dallas	UNTHSC
Recruiting and Onboarding (C)			
	Benefits Proportional by Fund*		
Training Program Identification Development and Implementation (M)			
*Remote Workforce (H)** *			

**Due to resource constraints the following identified risk areas are not included in the plan.

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Internal Audit(IA) plan for FY22 are depicted at a high level based on the Risk Category identified. A "one to many/many to one" relationship exists between the auditable unit and the specific audits. All calculations within this presentation are from an auditable unit perspective.

Key:
Inherent Risk Rating:
C – Critical Risk   H – High Risk
M – Medium Risk   L- Low Risk
AD – Advisory   * Mandatory

Risk Theme and Focus Area

Financial Risk
- Low interest rate environment
- Inflation risk
- Growth and Student Enrollment Strategy supporting tuition and fees
- HEERF funding and financial aid complexity

UNT System	UNT	UNT Dallas	UNTHSC
	Tuition and Fees - ongoing UNT (C)	Tuition and Fees - UNT Dallas (C)	
			HSC Foundation (H)
		Joint Admission Medical Program (JAMP)-Dallas*	
Public Funds Investment Act*			
	Student Managed Investment Funds*		
*Budget and Allocation Process – UNTS (H) ** *			

Strategic Risk
- Increased competition from traditional and non-traditional education
- Dependency on State Funding
- Criticality of Information Technology (IT) underpins UNT World strategy

UNT System	UNT	UNT Dallas	UNTHSC
IT Governance and Strategy (C) (AD); IT Finance (C) (AD)			
Involvement in Strategic Risk mitigation through governance and control discussions. Our team consults and engages as needed.			

**Due to resource constraints the following identified risk areas are not included in the plan.

UNT SYSTEM™

Internal Audit(IA) plan for FY22 are depicted at a high level based on the Risk Category identified. A "one to many/many to one" relationship exists between the auditable unit and the specific audits. All calculations within this presentation are from an auditable unit perspective.

Key:
Inherent Risk Rating:
C – Critical Risk   H – High Risk
M – Medium Risk   L- Low Risk
AD – Advisory   * Mandatory

Risk Theme and Focus Area

Legal/Compliance Risk
- Changing federal, state and local regulations
- Heightened social justice awareness
- Athletics rule changes
- Privacy issues accentuated by vaccine status and research
- Continued need for oversight of grant compliance
- International / Immigration complications

UNT System	UNT	UNT Dallas	UNTHSC
Compliance Program Framework (H)			
	EEO Investigation Process (H)		
	Title IX Compliance (H)		
			Faculty Development*
			Family Medicine*
	Federal Republic of Germany*		
	Research Compliance (H) **		*Research Compliance (H)* **

Technology Risk
- Increased Cyber attacks
- System resiliency efforts
- Decentralized IT Governance and Leadership
- Texas Cyber rule changes
- Increased speed of technology innovation

UNT System	UNT	UNT Dallas	UNTHSC
Cloud Implementation (C) (AD)			
Cybersecurity Program Audit (C)			
	Systems Service Continuity (C)		
			HSC Data Governance (H)

**Due to resource constraints the following identified risk areas are not included in the plan.

Internal Audit(IA) plan for FY22 are depicted at a high level based on the Risk Category identified. A "one to many/many to one" relationship exists between the auditable unit and the specific audits. All calculations within this presentation are from an auditable unit perspective.

Key:
Inherent Risk Rating:
C – Critical Risk   H – High Risk
M – Medium Risk   L- Low Risk
* Mandatory

Risk Theme and Focus Area

Operational Risk
- Retain Tier 1 Research status
- Relevant and accredited degrees
- New contract and research system implementation
- Enhance operations to increase efficiency
- Emphasis remains on waste, fraud and abuse
- Ad Hoc asset, third-party management processes

UNT System	UNT	UNT Dallas	UNTHSC
			Clinical Revenue Cycle - Billing and Coding (H)
	Faculty and Program Oversight - College of Engineering (H)		
Senate Bill 20 Contracting Compliance Assessment*			
Third-Party Oversight (H)			
Asset Management (M)			
	Animal Research Program (H) **		Animal Research Program (H) **
			International Classification of Disease, 11th Revision (ICD-11) (H)**

**Due to resource constraints the following identified risk areas are not included in the plan.

For FY2022 the focus is primarily on assurance engagements and mandatory audits. However, there are many interactions outside of formal / informal engagements, where Internal Audit collaborates with management and the Institutions to advise or monitor changes in risks (e.g., Advisory, Continuous Monitoring).

Budget:

FY22 Plan (proposed) $2.35M

The budget includes a one-time expense of approximately $100K to accomplish an audit system upgrade – audit workpaper system nearing end of support.

The new system will include additional functionality that can be leveraged beyond Internal Audit.

Our budget includes limited unallocated capacity for FY22. Any additions will result in either a budget request or a replacement of a scheduled review.
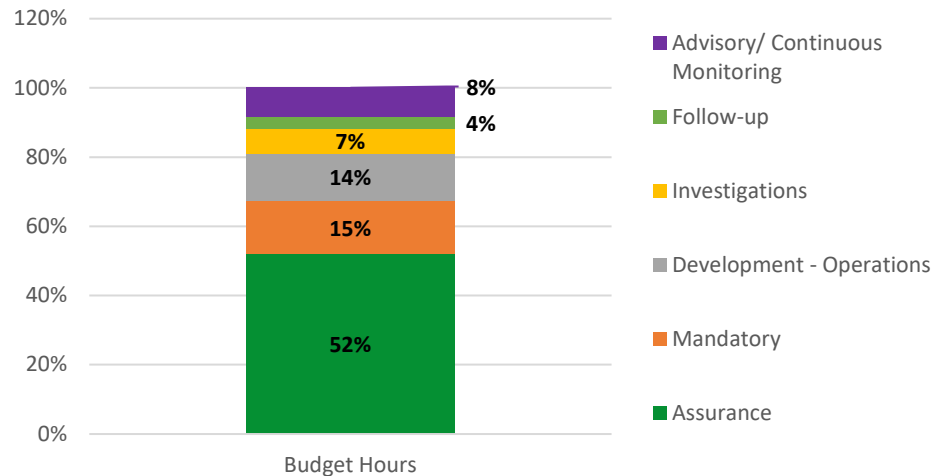
Resource Capacity
- Continue using Internal Audit full time employees in combination with co-sourced resources from audit consulting firm
- Co-sourcing used to augment staffing and internal expertise and provide industry best practices

Resource Capability
- Leverage SMEs in IT/Cybersecurity and other specialized areas from audit consulting firm
- Audit consulting firm will advise and participate with the implementation of the audit system upgrade
- Audit consulting firm will support the Quality Assurance and Improvement Program (QAIP)

Resource Allocation

Budget Hours

Legend:
- Advisory/ Continuous Monitoring
- Follow-up
- Investigations
- Development - Operations
- Mandatory
- Assurance

Chart values (bottom to top): Assurance 52%, Mandatory 15%, Development - Operations 14%, Investigations 7%, Follow-up 4%, Advisory/ Continuous Monitoring 8%

Allocation Category Definitions:
- **Assurance** – Risk-based independent audit
- **Mandatory** - Audits required by the State of Texas, Regent Rule, or grant awards
- **Development – Operations** – Non-audit activities to support internal audit function including QAIP and system upgrade
- **Investigations** - Reserved for investigations that may arise during the year
- **Follow-up** - Procedures to verify the status of corrective action plans
- **Advisory –** Consulting on strategic projects and improving process efficiency
- **Continuous Monitoring** - Monitoring events impacting the UNT World risk profile

Appendix I – FY22 Audit Universe with 5 Yr. Coverage History

Key:
✓ - Covered Entity
P – Partial Coverage
AD – Advisory
CM – Continuous Monitoring

Inherent Risk Rating:
C – Critical Risk
H – High Risk
M – Medium Risk
L- Low Risk

Audit Universe Primary Category/Entity	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Academic Affairs / Experiential Medical Training						
Accreditation (H)						
Program / Course Development (H)						✓
Graduate Medical Education (M)	✓					
Auxiliary Services						
Other Payment Methods (M)		✓	✓			
Revenue Management (M)		✓	✓	✓		
Student Services (M)		✓				
Cash Fraud Management (L)		✓	✓			
Brand & Reputation Management						
Communication, Strategy, Incident Response (H)						P
Marketing (L)						
Compliance						
Compliance Program (H)						✓
Title IX / EEO (H)			✓			✓

Audit Universe Primary Category/Entity	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Compliance (Cont.)						
Athletics - NCAA / NAIA (M)				✓		
Conflict of Interest (M)	✓	P	P	P		
Privacy (Medical Records / PII) (M)						
Facilities Management						
Construction (M)	✓				✓	
Maintenance (M)						
Finance						
Budgeting / Decision Support (H)	✓		✓		✓	
Asset Management (M)						✓
Cash Management / Treasury & Investments (M)	✓	✓	✓	✓	✓	✓
Financial Reporting (M)			✓			
Collections (Students and Medical) (L)						
Travel / Entertainment (L)	✓	✓	✓	✓		

UNT SYSTEM

Key:
✓ - Covered Entity
P – Partial Coverage
AD – Advisory
CM – Continuous Monitoring

Inherent Risk Rating:
C – Critical Risk
H – High Risk
M – Medium Risk
L- Low Risk

Audit Universe Primary Category/Entity	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Governance						
Diversity, Equity, and Inclusion (H)						
Organizational Structure & Accountability (H)						
Strategic Planning & Metrics (H)						
Enterprise Risk Management (M)						
Legal (L)						
Human Resources						
Talent Acquisition / On-boarding / Off-boarding (C)						✓
Remote Workforce (H)						P
Talent Development / Retention (H)					P	
Workforce Planning / Succession Planning (H)					P	
Awareness and Training (M)				✓		✓
Payroll / Benefits (M)	✓	✓	✓	✓	✓	✓
Medical Patient Revenue Cycle						
Billing / Coding (H)						✓
Charge Capture (M)						

Audit Universe Primary Category/Entity	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Medical Patient Revenue Cycle (Cont.)						
Registration / Pre-certification (M)						
Patient Care Operations						
Credentialing (M)						
Patient Safety / Quality (M)						
Physical Safety						
Safety & Security (C)						CM
Mental Health (H)						
Student Living Security (M)	✓		✓			
Environmental Health and Safety (L)		✓				
Research						
Animal Research Program (H)						
Human Subjects Research Program (H)						
Research Administration (H)		✓	✓	✓	✓	✓
Research Compliance (H)						

Key:
✓ - Covered Entity
P – Partial Coverage
AD – Advisory
CM – Continuous Monitoring

Inherent Risk Rating:
C – Critical Risk
H – High Risk
M – Medium Risk
L- Low Risk

Audit Universe Primary Category/Entity	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Student Enrollment and Financial Management						
Tuition and Fees (C)				✓	✓	✓
Financial Aid (H)	✓	✓	✓		✓	✓
Admissions / Recruitment (M)	✓	✓	✓			
Supply Chain						
Contracting (H)	✓	✓	✓	✓	✓	✓
Third-Party Management (H)						✓
Receiving and Warehousing (M)			✓			
Technology						
Contingency Planning, Business Continuity, & Disaster Recovery (C)		✓		✓		✓
Information, System, and Communication Security (C)					✓	✓
IT Governance and Strategy (C)						✓
Access Control & Identity Management(H)			✓			P

Audit Universe Primary Category/Entity	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Technology (Cont.)						
Data Governance, Protection & Privacy (H)	✓			✓		✓
Incident Response (H)					✓	
IT Asset Management & Physical / Environmental Control (H)	✓	✓	✓			P
IT Infrastructure, Operations, and Maintenance (H)				✓	✓	
Configuration Management & Change Management (M)	✓				✓	
System Development Lifecycle & Acquisitions (M)						P
IT Third-Party Management (L)						AD
University Relations						
Gifts and Endowments / Foundation (H)		✓				✓

Appendix II – FY22 Internal Audit Plan Detail

Entity	Audit Name	Business Outcome	Rationale	Auditable Unit
Academic Affairs / Experiential Medical Training				
UNT	Faculty and Program Oversight - College of Engineering (H)	Faculty effectively approach educational decision-making, organization of work, resource utilization and collaboration to provide quality degree programs.	Academic program oversight not recently reviewed	Program / Course Development (H)
Compliance				
UNTS, UNT, UNTD, HSC	Compliance Program Framework (H)	Compliance Programs are adequately designed including aspects in the Sentencing Guidelines.	Area not recently reviewed, required area of review	Compliance Program (H)
UNT, UNTD HSC	EEO Investigation Process (H)	Enforcement authorities are exercised fairly, efficiently, and based on the circumstances of each charge or complaint.	Area not recently reviewed and social justice reform	Title IX / EEO (H)
UNT, UNTD HSC	Title IX Compliance (H)	Institutions' have established and maintain Title IX/ Texas Senate Bill 212 compliant programs including accurate and timely reporting, training, sound investigative processes, and counseling and support services.	Increased investigations and government scrutiny related to student safety and Title IX	

Inherent Risk Rating:
C – Critical Risk
H – High Risk
M – Medium Risk
L- Low Risk

Entity	Audit Name	Business Outcome	Rationale	Auditable Unit
Finance				
UNTS,UNT, UNTD, HSC	Asset Management (M)	Assets are appropriately procured, tracked, maintained, and protected until appropriate disposition. Assets are accurately captured within tracking and financial systems.	Area not recently reviewed	• Asset Management (M) • IT Asset Management & Physical / Environmental Control (H)
UNTS	Public Funds Investment Act	Investing activities are effective, efficient and comply with system regulations, regent rules, and State Auditor's office requirements.	Mandatory audit	Cash Management / Treasury & Investments (M)
UNT	Student Managed Investment Funds	UNT complies with the Colonel Guy M. Cloud, Jr. donor agreement related to the SMIF.	Mandatory audit	
Human Resources				
UNTS, UNT, UNTD, HSC	Recruiting and Onboarding (C)	Identify and target exceptional talent that supports and enables the University system in reaching its goals. Frictionless transition and assimilation of new hires into the organization.	Increased difficulty and challenges in attracting top talent in the current employment environment	• Talent Acquisition / On-boarding / Off-boarding (C) • Remote Workforce (H)
UNT, UNTD HSC	Benefits Proportional by Fund	Institutions comply and report accurately and timely with the requirement to pay benefits costs proportional to the finance method.	Mandatory audit	Payroll / Benefits (M)
UNTS, UNT, UNTD, HSC	Training Program Identification Development and Implementation (M)	Staff training programs are designed to identify curriculum needs, develop appropriate content, and disseminate and track timely participation.	Increased importance of staff awareness related to cybersecurity and compliance	Awareness and Training (M)

Entity	Audit Name	Business Outcome	Rationale	Auditable Unit
Medical Patient Revenue Cycle				
HSC	Clinical Revenue Cycle - Billing and Coding (H)	Achieve and maintain healthcare regulatory compliance requirements within the patient access, documentation, charge capture, and patient financial service areas revenue cycle.	Ensure billing and coding system can achieve error-free claims which results in higher revenue and profits	Billing / Coding (H)
Physical Safety				
UNTS, UNT, UNTD HSC	Emergency Safety Preparedness (C)	Management capabilities are in place to respond to emergencies and safety issues timely with coordinated teams, actions, and communications.	The current social/political climate, and public/mental health issues, requires increased focus on area	• Safety & Security (C) • Communication, Strategy, Incident Response (H)
Research				
HSC	Faculty Development	Texas Higher Education Coordinating Board (THECB) program funds are expended per the grant contract. The Annual Financial Report was prepared in accordance with THECB guidelines.	Mandatory audit	Research Administration (H)
HSC	Family Medicine	THECB program funds are expended per the program contract . The Annual Financial Report was prepared per the THECB guidelines.	Mandatory audit	
UNT	Federal Republic of Germany	Grant expenditure report presents complete and accurate information on the income and expenditures.	Mandatory audit	

Entity	Audit Name	Business Outcome	Rationale	Auditable Unit
Student Enrollment and Financial Management				
UNT	Tuition and Fees - Ongoing UNT (C)	Resident and non-resident tuition rates for Undergraduate and Graduate students are accurate and applied timely to accounts.	Focus on area of highest revenue	Tuition and Fees (C)
UNTD	Tuition and Fees - UNT Dallas (C)	Resident and non-resident tuition rates for Undergraduate and Graduate students are accurate and applied timely to accounts.	Focus on area of highest revenue	
UNTD	Joint Admission Medical Program (JAMP)-Dallas	The Institution is in compliance with the JAMP Agreement requirements and Expenditure Guidelines.	Mandatory audit	Financial Aid (H)
Supply Chain				
UNTS, UNT, UNTD, HSC	Senate Bill 20 Contracting Compliance Assessment	The University of North Texas System complies with the rules and policies of Senate Bill 20, including contracting process.	Mandatory audit	Contracting (H)
UNTS, UNT, UNTD, HSC	Third-Party Oversight (H)	Oversight and management of third-parties is effective to control and mitigate risks.	Dependency on third-parties and partnerships	Third-Party Management (H)
University Relations				
HSC	HSC Foundation (H)	The HSC Foundation expenditures are properly documented, recorded accurately and compliant with applicable policies and procedures.	Management Request	Gifts and Endowments / Foundation (H)

Entity	Audit Name	Business Outcome	Rationale	Auditable Unit
		Technology		
UNTS, UNT, UNTD, HSC	Cloud Implementation (C)	Cloud-based systems are resilient, access controlled, and implemented using leading practices in System Development and Lifecycle (SDLC). Third-parties involved in implementation have adequate oversight.	Alignment with IT strategy	• Contingency Planning, Business Continuity, & Disaster Recovery (C) • Access Control & Identity Management (H) • System Development Lifecycle & Acquisitions (M) • IT Third-Party Management (L)
UNTS, UNT, UNTD, HSC	Cybersecurity Program Audit (C)	Systems, data, technology infrastructure, and other digital assets are protected and operate without disruption or loss.	Velocity of external cyberattacks	Information, System, and Communication Security (C)
UNTS	IT Finance (C) (AD)	Information Technology assets receive the appropriate level of investment and resources are efficiently allocated to support strategy.	IT resources must be enabled to support technology strategy and goals to fulfill business value	IT Governance and Strategy (C)
UNTS	IT Governance and Strategy (C) (AD)	The governance and management of the enterprise's information technology supports the organization's strategies and objectives, generates value and improves efficiency.	Criticality of Information Technology (IT) underpins UNT World strategy and fulfills business value	

Key:
AD - Advisory
Inherent Risk Rating:
C – Critical Risk
H – High Risk
M – Medium Risk
L- Low Risk

Entity	Audit Name	Business Outcome	Rationale	Auditable Unit
		Technology		
UNT	Systems Service Continuity (C)	Systems and data are consistently available to end users.	Recent disruptive events	Contingency Planning, Business Continuity, & Disaster Recovery (C)
HSC	HSC Data Governance (H)	Data is organized, classified, consolidated, secured, and available to support the needs of students, faculty and staff.	HSC health data is highly sensitive and regulated	Data Governance, Protection & Privacy (H)

Inherent Risk Rating:
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M – Medium Risk
L- Low Risk