UNT SYSTEM™
Internal Audit

State Auditor’s Office
Fiscal Year 2018 Annual Internal Audit Report

Tracy C. Grunig, MPA, CPA, CISSP, CISA, CFE
Chief Audit Executive

October 31, 2018

UNT SYSTEM

UNT UNT Health Science Center UNT Dallas UNT System Administration

Internal Audit Tracy C. Grunig, *Chief Audit Executive*

October 31, 2018

The Honorable Greg Abbott
Governor, State of Texas
State Capitol Extension, Room E1.304
Austin, Texas 78701

Dear Governor Abbott:

We are pleased to present the State Auditor's Office Fiscal Year 2018 Annual Report for the University of North Texas System Internal Audit Department.

This report fulfills the requirements set out in the Texas Internal Auditing Act (Texas Government Code, Section 2102) and provides the information in the format prescribed by the State Auditor's Office.

For further information about the contents of this report or to request copies of audit reports, please call (940) 565-2153.

Respectfully,

Tracy C. Grunig

Tracy C. Grunig, MPA, CPA, CISSP, CISA, CFE
Chief Audit Executive

cc: UNT System Board of Regents
UNT System Chancellor Roe
Texas State Auditor's Office
Texas Legislative Budget Board
Texas Sunset Advisory Commission

I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Website

The FY19 Internal Audit Plan is posted on the University of North Texas System Internal Audit Department website.

Once this State Auditor's Office FY18 Annual Report is distributed to the UNT System Board of Regents, it will be posted to the Internal Audit website.

The following tables summarize weaknesses, deficiencies, wrongdoings or other concerns identified during the audits conducted in accordance with the FY18 Internal Audit Plan.

Report Number	Title of Audit	Status	Report Date	Number of Findings
18-021 UNT	UNT Grants and Contracts Compliance	Final Draft Report		4
18-021 HSC	UNTHSC Grants and Contracts Compliance	Final Draft Report		0
18-022 UNT	UNT Effort Reporting Process	Final Draft Report		1
18-022 HSC	UNTHSC Effort Reporting Process	Final Draft Report		1
18-402 UNT	Biological Sciences Audit	Final Draft Report		10
18-408 UNT	Advancement	Final Draft Report		5
18-410 UNT	HIPPY Audit	Final Draft Report		4
18-417 UNT	Kristin Farmer Autism Center Audit	Final Draft Report		5
18-412 DAL	Security Camera Access	In-Process		N/A
18-416 UNT	Financial Aid Processes Audit	In-Process		N/A
18-001 SYS	Chancellor's Expenditure Review	Issued	February 26, 2018	0
18-002 UNT	President's Expenditure Review	Issued	February 26, 2018	3
18-003 HSC	President's Expenditure Review	Issued	February 26, 2018	1
18-004 DAL	President's Expenditure Review	Issued	February 26, 2018	0
18-005 SYS/UNT/DAL/HSC	Investments Audit	Issued	December 20, 2017	2
18-006 UNT	Student-Managed Investment Fund (SMIF) Audit	Issued	August 14, 2018	0
18-007 HSC	THECB Faculty Development Center Grant Audit	Issued	December 21, 2017	5
18-008 HSC	Family Medicine Residency Program Audit	Issued	December 21, 2017	3
18-009 HSC	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)	Issued	May 22, 2018	0

18-010 SYS	SB 20 Implementation Status	Issued	August 14, 2018	N/A
18-012a UNT	Counseling and Testing Services Audit	Issued	May 22, 2018	2
18-013 UNT	Provost Transition Audit	Issued	February 26, 2018	2
18-014 HSC	School of Health Professions Financial Review	Issued	May 22, 2018	3
18-015 HSC	UNT System College of Pharmacy Financial Review	Issued	August 14, 2018	2
18-017 DAL	IT Inventory Controls and Data Protection Audit	Issued	May 22, 2018	4
18-018a UNT	IT Business Continuity Planning - College of Science	Issued	May 22, 2018	3
18-018b UNT	IT Business Continuity Planning - College of Liberal Arts & Social Sciences	Issued	May 22, 2018	3
18-018c UNT	IT Business Continuity Planning - Mayborn School of Journalism	Issued	May 22, 2018	3
18-018d UNT	IT Business Continuity Planning - College of Business	Issued	February 26, 2018	4
18-018e UNT	IT Business Continuity Planning - College of Education	Issued	February 26, 2018	4
18-018f UNT	IT Business Continuity Planning - Toulouse Graduate School	Issued	May 22, 2018	4
18-018g UNT	IT Business Continuity Planning - TAMS and Honors	Issued	May 22, 2018	4
18-018h UNT	IT Business Continuity Planning - Libraries	Issued	May 22, 2018	2
18-018i UNT	IT Business Continuity Planning - College of Engineering	Issued	May 22, 2018	4
18-018j UNT	IT Business Continuity Planning - College of Health and Public Service	Issued	May 22, 2018	3
18-018k UNT	IT Business Continuity Planning - College of Merchandising, Hospitality & Tourism	Issued	May 22, 2018	4
18-018l UNT	IT Business Continuity Planning - College of Information	Issued	May 22, 2018	4
18-018m UNT	IT Business Continuity Planning - College of Visual Arts & Design	Issued	May 22, 2018	3
18-018n UNT	IT Business Continuity Planning - College of Music	Issued	May 22, 2018	4
18-020 DAL	Student Awareness and Training - Lab Safety	Issued	August 14, 2018	2

18-020 UNT	Student Awareness and Training - Lab Safety	Issued	May 22, 2018	10
18-301 UNT/HSC/DAL	Benefits Proportionality Audit - PwC	Issued	June 30, 2018	1
18-405 UNT	UNT Out-of-State Teaching Fee Research Project	Issued	August 14, 2018	N/A
18-406 HSC	Provost Transition Audit	Issued	May 22, 2018	1
N/A	Minor Capital Projects Construction Audit	Cancelled	N/A	N/A
N/A	Scholarships Review	Cancelled	N/A	N/A

Summary of Actions in Progress for Recommendations Identified in Audits

	Starting Open (Past Due and Not Yet Due) Recommendations	New Recommendations	Total Closed Recommendations	Total Open Recommendations	Open Recommendations-Not Yet Due	Open Recommendations-Past Due
UNTS	14	13	(22)	5	1	4
UNT	36	175	(197)	14	8	6
UNTHSC	34	66	(69)	31	31	0
UNTD	1	51	(5)	47	40	7
Total	85	305	(293)	97	80	17

II. Internal Audit Plan for Fiscal Year 2018

FY18 Planned Audits as Submitted in FY17 SAO Annual Report

Report Number	Audit	Status	Report Date
18-021 UNT	UNT Grants and Contracts Compliance	Final Draft Report	
18-021 HSC	UNTHSC Grants and Contracts Compliance	Final Draft Report	
18-022 UNT	UNT Effort Reporting Process	Final Draft Report	
18-022 HSC	UNTHSC Effort Reporting Process	Final Draft Report	
18-402 UNT	Biological Sciences Audit	Final Draft Report	
18-408 UNT	Advancement	Final Draft Report	
18-410 UNT	HIPPY Audit	Final Draft Report	
18-417 UNT	Kristin Farmer Autism Center Audit	Final Draft Report	
18-412 DAL	Security Camera Access	In-Process	
18-416 UNT	Financial Aid Processes Audit	In-Process	
18-001 SYS	Chancellor’s Expenditure Review	Issued	February 26, 2018
18-002 UNT	President’s Expenditure Review	Issued	February 26, 2018
18-003 HSC	President’s Expenditure Review	Issued	February 26, 2018
18-004 DAL	President’s Expenditure Review	Issued	February 26, 2018
18-005 SYS/UNT/DAL/HSC	Investments Audit	Issued	December 20, 2017
18-006 UNT	Student-Managed Investment Fund (SMIF) Audit	Issued	August 14, 2018
18-007 HSC	THECB Faculty Development Center Grant Audit	Issued	December 21, 2017
18-008 HSC	Family Medicine Residency Program Audit	Issued	December 21, 2017
18-009 HSC	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)	Issued	May 22, 2018
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18-017 DAL	IT Inventory Controls and Data Protection Audit	Issued	May 22, 2018
18-018a UNT	IT Business Continuity Planning - College of Science	Issued	May 22, 2018
18-018b UNT	IT Business Continuity Planning - College of	Issued	May 22, 2018

	Liberal Arts & Social Sciences		
18-018c UNT	IT Business Continuity Planning - Mayborn School of Journalism	Issued	May 22, 2018
18-018d UNT	IT Business Continuity Planning - College of Business	Issued	February 26, 2018
18-018e UNT	IT Business Continuity Planning - College of Education	Issued	February 26, 2018
18-018f UNT	IT Business Continuity Planning - Toulouse Graduate School	Issued	May 22, 2018
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18-018k UNT	IT Business Continuity Planning - College of Merchandising, Hospitality & Tourism	Issued	May 22, 2018
18-018l UNT	IT Business Continuity Planning - College of Information	Issued	May 22, 2018
18-018m UNT	IT Business Continuity Planning - College of Visual Arts & Design	Issued	May 22, 2018
18-018n UNT	IT Business Continuity Planning - College of Music	Issued	May 22, 2018
18-020 DAL	Student Awareness and Training - Lab Safety	Issued	August 14, 2018
18-020 UNT	Student Awareness and Training - Lab Safety	Issued	May 22, 2018
18-301 UNT/HSC/DAL	Benefits Proportionality Audit - PwC	Issued	June 30, 2018
18-405 UNT	UNT Out-of-State Teaching Fee Research Project	Issued	August 14, 2018
18-406 HSC	Provost Transition Audit	Issued	May 22, 2018
N/A	Minor Capital Projects Construction Audit	Cancelled	N/A
N/A	NCAA Compliance	Cancelled	N/A
N/A	Scholarships Review	Cancelled	N/A

FY17 Audit Reports Issued in FY18

Report Number	Audit	Status	Report Date
17-015 UNT	UNT Minor Capital Projects Audit	Issued	November 20, 2017

17-019 UNT	Registrar's Office Business Process Review	Issued	November 20, 2017
17-302 HSC	Financial Review of UNTHSC Reserves - PwC	Issued	October 25, 2017
17-303 UNT	Student-Managed Investment Fund - PwC	Issued	August 24, 2017
17-310 DAL	UNT Dallas Scholarships Review - PwC	Issued	October 25, 2017
17-412 UNT	College of Music Transition Audit	Issued	November 20, 2017
17-413 DAL	UNT Dallas Community Counseling Clinic Audit	Issued	November 20, 2017
17-414 UNT	Classroom Support Services	Issued	November 20, 2017
17-415 UNT	Faculty and Staff International Travel Audit	Issued	November 20, 2017
17-417 UNT	LLPD Business Processes Audit	Issued	November 20, 2017
17-306 UNT	Enrollment Audit – PwC	Issued	January 14, 2018
17-307 HSC	Enrollment Audit – PwC	Issued	January 22, 2018
17-308 DAL	Enrollment Audit - PwC	Issued	January 30, 2018
17-309 SYS	IT Risk Assessment	Ongoing	N/A

SAO Investigations Found to be Substantiated

Report Number	Audit	Status	Report Date
16-215 UNT	Facilities Worker Investigation	Issued	November 20, 2017
16-227 UNT	College of Visual Arts and Design Art Lab Commercial Art Investigation	Issued	November 20, 2017
16-239 UNT	College of Visual Arts and Design Adjunct Investigation	Issued	November 20, 2017
17-206 UNT	Facilities Time Accounting II Investigation	Issued	November 20, 2017

Other management advisory services and value added services were provided to management. These audit effort expended on management advisory service projects not resulting in an audit report are not included in the list shown above.

Benefits Proportionality:

Benefits Proportionality Audits were performed to address the audit requirement prescribed in Rider 8, page III-45, the General Appropriations Act (85th Legislature). The audit requirement prescribed in Rider 8, page III-45, the General Appropriations Act (85th Legislature) is included in the FY19 audit plan.

Texas Education Code 51.9337(h):

As required by TEC 51.9337(h), Internal Audit submitted a status report to the State Auditor’s Office on August 14, 2018, which assessed the work performed in FY18.

III. Consulting Services and Nonaudit Services Completed

Title: UNT Institutional Compliance Coordinating Committee
Number: N/A
Dates: FY18
Objective: Serving on committee under the auspices of Steve Hill, Interim Director of Institutional Compliance

Title: UNT Technical Architecture Group
Number: N/A
Dates: FY18
Objective: Provide audit and IT security consulting services as a member of UNT Technical Architecture Group.

Title: UNT Committee on Student Conduct
Number: N/A
Dates: FY18
Objective: Serve on the UNT Committee on Student Conduct as needed.

Title: Senate Bill 20 Implementation Status
Number: 18-010 SYS
Dates: FY18
Objective: To review evolving policy and procedure improvements adopted to adhere to SB 20 regulation requirements.

Title: Business Process Remediation
Number: 18-403 SYS
Dates: FY18
Objective: To provide consulting services for the Financial Transformation Project aimed at transforming financial practices throughout the UNT System and institutions.

IV. External Quality Assurance Review (Peer Review)

In accordance with the Texas Internal Auditing Act, Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing (Standards), and the Generally Accepted Government Auditing Standards, a quality assurance review (QAR) was conducted for the UNT System Internal Audit Department. During FY17 a QAR self-assessment team, consisting of three members of the UNT System Internal Audit Department, conducted a self-assessment review and provided a report to the UNT System Chief Audit Executive. This report was validated by an independent, external review team comprised of reviewers from University of Georgia, The University of Tennessee, and University of Texas at Dallas. Included is a copy of the summary of issues and external validators' statement.

November 8, 2017

Ms. Tracy C. Grunig
Chief Audit Executive
University of North Texas System
Internal Audit
1108 Dallas Drive, Suite 3000
Denton Texas 76205

Dear Ms. Grunig,

We have completed the independent external validation of the University of North Texas System internal audit activity. We believe that the internal audit activity at the University of North Texas System generally conforms with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, is well-respected and sought out by its stakeholders, its staff is viewed as well qualified, and it has a seat at the table for providing management with its advice and consultation. Please see attached the results of our review, including the independent validators' statement, comments for your consideration, and a copy of the internal self-assessment report.

We thank you, your staff, and the executives with whom we interfaced for the warm hospitality and cooperation extended to us during our site visit.

Independent Validators

Mathew Whitley
Director, Internal Auditing Division, University of Georgia

Toni Stephens

Toni Stephens
Chief Audit Executive, The University of Texas at Dallas

Sandy [illegible] Jansen

Sandy Jansen
Executive Director, Office of Audit and Compliance, The University of Tennessee

INDEPENDENT VALIDATORS STATEMENT

The validators were engaged to conduct an independent validation of the University of North Texas System internal audit activity's self-assessment. The primary objective of the validation was to verify the assertions made in the attached self-assessment report concerning adequate fulfillment of the organization's basic expectations of the internal audit activity and its conformity to The Institute of Internal Auditors' (IIA's) *International Standards for the Professional Practice of Internal Auditing* (*Standards*). However, based on the fact that the self-assessment was based solely on IIA Standards, we make no assertions of conformity to the U.S. Government Accountability Office (GAO) *Government Auditing Standards* as required by the Texas Internal Auditing Act. Other matters that might have been covered in a full external assessment, such as an in-depth analysis of successful practices, governance, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with the chief audit executive.

In acting as validators, we are fully independent of the organization and have the necessary knowledge and skills to undertake this engagement. The validation, conducted during the period August 21-25, 2017, consisted primarily of a review and test of the procedures and results of the self-assessment. In addition, interviews were conducted with the audit committee chair, chancellor, president(s), chief financial officer, other senior members of management, and staff of the internal audit activity.

Overall, we believe that the internal audit activity generally conforms to the IIA's Standards. We concur with the internal audit activity's conclusions in the self-assessment report attached, except for full conformance with Standard 2010, *Planning,* which we considered to be in partial conformance. Implementation of the recommendations contained in the self-assessment report will improve the effectiveness and enhance the value of the internal audit activity and support conformity to the *Standards.*

IDENTIFIED OPPORTUNITIES

The following comments and suggestions, summarized below, represent opportunities to build on the existing solid internal audit foundation and improve compliance with the spirit of the Standards. Other opportunities were discussed with management during the site visit.

Recommendations Affecting Conformance with the Standards

IIA Standard	*Observation*
1311 Internal Assessments	IIA Standard 1311 states, *"Internal assessments must include: Ongoing monitoring of the performance of the internal audit activity."* and *"Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices."* Key performance metrics should be developed to provide an enhanced quantifiable method to measure the internal audit activity. The results of ongoing monitoring activities should be periodically analyzed, documented, and shared with the appropriate individuals and included in the QAIP. Benchmark peer institutions to identify opportunities for applying audit resources more efficiently and effectively. Consider using the Capability Maturity Model developed at Carnegie Mellon University to guide process development and/or improvement.
2010 Planning	IIA Standard 2010.A1 states, *"The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually."* Although the audit plan is prepared using a risk based approach, there is lack of adequate documentation supporting the selection of audits and how priority has been assigned to each audit. Additionally we noted that the risk assessment process does not incorporate the use of objective statistical indicators or other quantitative measures to evaluate the UNTS risk environment.
2210 Engagement Objectives	IIA Standard 2210.A1 states, *"Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment."* Standard 2210.A2 states, *"Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives."* Individual engagements should include documentation of the audit program executed and individual audit program objectives and scope should be linked to the documented engagement risk assessment.

Opportunities for Enhancement

1. The Texas Internal Auditing Act requires the internal audit activity of state agencies to conform to both IIA Standards and U.S. Government Accountability Office (GAO) *Government Auditing Standards* and to conduct quality assurance reviews in accordance with these professional standards. The self-assessment review contained in this report did not contain evidence to indicate compliance with the GOA standards. The UNTS Quality Assurance Improvement Plan (QAIP) should be revised to include the Texas Internal Auditing requirements for quality assurance reviews and future UNTS

internal audit activity assessments should be conducted in accordance with both professional standards.

Other Opportunities Discussed with the UNTS Chief Audit Executive

1. Improve documentation and identification of governance and ethics engagements. Enhanced documentation should also aid in communicating noted issues with the Board.

2. Develop an Internal Audit strategic plan that aligns with the UNTS goals and strategies.

3. Set goals for performing project management reviews to avoid bottlenecks that impact the timely completion of audit engagements.

4. The IT Director should participate in the IT audits performed by PwC. His involvement in this work will allow the IT audit team to better complement the co-sourced audit coverage.

5. Consider using the IIA Global Internal Audit Competency Framework to perform a skill gap analysis for the internal audit staff and prepare training plans for each staff member based on this analysis.

6. Because the CAE's responsibilities require her to be away from the office for a significant amount of time, consider hiring an Assistant CAE to manage the day-to-day operations of the office, such as staff supervision.

7. Determine the ownership of the UNTS Hotline and how the related responsibilities are distributed between Internal Audit and the Office of Institutional Compliance. Improve the marketing of the Hotline on the UNTS website.

8. Document the report issuance process, noting that courtesy copies are distributed to executive management.

9. Define consulting vs. auditing engagements.

UNT SYSTEM

UNT   UNT Health Science Center   UNT Dallas   UNT System Administration

Internal Audit   Tracy C. Grunig, *Chief Audit Executive*

University of North Texas System
Internal Audit

Quality Assurance Review
Self-Assessment Report

August 2017

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Executive Summary

As requested by the Chief Audit Executive (CAE), UNT System Internal Audit department conducted a quality assurance self-assessment which will be validated by an independent review team. This Quality Assurance Review (QAR) is being conducted to meet the requirements of the Texas Internal Auditing Act, Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing (Standards), and the Generally Accepted Government Auditing Standards. All processes/projects reviewed and included in the QAR Self-Assessment do not include the Integrity Unit, which is a subset of the Internal Audit department that handles investigations, because they have a separate process for audit and report distribution.

Methodology and Scope

Steps performed for the self-assessment included the following:

- Gathered necessary supporting documentation (e.g. policies and procedures, organization charts, current/prior year projects, etc.);
- Completed Program Segments (IIA Manual D1 – D4); and
- Drafted Self-Assessment Report.

Surveys and interviews were not performed as part of the self-assessment; however, will be conducted by the independent review team.

The Internal Audit activity's risk assessment and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a sample of Internal Audit activity's workpapers and reports were also reviewed for FY17 (September 1 – August 31).

Opinion

The IIA's Quality Assessment Manual suggests a scale of three ratings, "Generally Conforms," "Partially Conforms," and "Does Not Conform." "Generally Conforms" means that an Internal Audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards. "Partially Conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the Internal Audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means deficiencies in practice are judged to be so significant as to seriously impair or preclude the Internal Audit activity from performing adequately in all or in significant areas of its responsibilities.

Based on the work outlined above, it is the opinion of the QAR Self-Assessment Team that the Internal Audit activity at the University of North Texas System generally conforms to the IIA Standards.

Observations

IIA Manual Program Segment D1: Internal Audit Governance:

Internal Audit activity's level of conformance with the spirit and intent of Standard 1000: Purpose, Authority, and Responsibility and the Definition of Internal Auditing generally conforms.

Internal Audit activity's level of conformance with the spirit and intent of Standard 1100: Independence and Objectivity and the Code of Ethics generally conforms.

Internal Audit activity's level of conformance with the spirit and intent of Standard 1300: Quality Assurance and Improvement Program (QAIP) generally conforms; however the Self-Assessment Team identified opportunities to strengthen the internal assessment process. The Standards require internal assessments to consist of both ongoing monitoring of the performance of the Internal Audit activity and periodic self-assessments. Currently, ongoing monitoring includes day-to-day supervision, review, and policies and procedures to manage the Internal Audit activity; however, periodic self-assessments are not in place.

International Professional Practices Framework (IPPF) Implementation Guide for Standard 1311 states that periodic self-assessments provide a more holistic, comprehensive review of the Standards and validate continued conformance with the Standards and Code of Ethics. Further, IPPF Implementation Guide for Standard 1311 states that periodic self-assessments can be conducted by senior members of the Internal Audit activity, a dedicated quality assurance team or individual within the Internal Audit activity who has extensive experience with the IPPF or Certified Internal Auditors. IPPF Implementation Guide for Standard 1311 also recommends including Internal Audit staff in the self-assessment process, as it can serve as a useful training opportunity.

Additionally, Standard 1320 and the UNT System Internal Audit Charter requires the Chief Audit Executive to communicate the results of the QAIP, including ongoing internal assessments and external assessments.

Recommendation:

In conformance with the Standards 1300, 1310, 1311, and 1320, and consistent with IPPF Implementation Guides, implement a QAIP program that includes periodic self-assessments. Consider including Internal Audit staff in the QAIP process. Once the scope and frequency of the QAIP program has been determined, ensure the revisions in the processes are documented in the policies and procedures manual, and the results of the QAIP are communicated to Senior Management and the Board of Regents at least annually.

Chief Audit Executive Response:

I concur with the recommendation and Internal Audit will implement the periodic self-assessment process by April 2, 2018.

IIA Manual Program Segment D2: Internal Audit Staff

Internal Audit activity's level of conformance with the spirit and intent of Standard 1200: Proficiency and Due Professional Care generally conforms.

IIA Manual Program Segment D3: Internal Audit Management

Internal Audit activity's level of conformance with the spirit and intent of Standards 2000, 2100, 2450 and 2600: Planning, Nature of Work, Overall Opinions and Communicating the Acceptance of Risks generally conforms. However, there was one area of opportunity for improvement noted. IPPF Implementation Guide for Standard 2010 references the use of an audit universe, which consists of all risk areas that could be subject to audit. The audit universe includes projects and initiatives related to the organization's strategic plan, and it may be organized by business unit, processes, programs, systems, or controls. IPPF Implementation Guide for Standard 2010 recommends using an audit universe to independently review and corroborate the key risks that were identified by Senior Management. An audit universe was not utilized to assist in the development of the FY17 and FY18 annual UNT System Internal Audit plans.

Recommendation:

In accordance with IPPF Implementation Guide for Standard 2010 and best practices, implement the use of an audit universe for use in the development of the FY19 annual UNT System Internal Audit plan.

Chief Audit Executive Response:

I concur with the recommendation and the development of a comprehensive audit universe in the risk assessment and audit plan development processes will be completed by July 30, 2018.

IIA Manual Program Segment D4: Internal Audit Process

Internal Audit activity's level of conformance with the spirit and intent of Standards 2200, 2300, 2400 (except for Standard 2450), and 2500 generally conforms.

Appendix E1

Evaluation Summary: Quality Assessment

(GC = Generally Conforms, PC = Partially Conforms, DNC = Does Not Conform)

Quality Assessment Evaluation Summary—Overall Evaluation	GC	PC	DNC
OVERALL EVALUATION	X		

Quality Assessment Evaluation Summary—Major/Supporting Standards		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1010	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the *Standards* in the Internal Audit Charter	X		
1100	Independence and Objectivity	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	X		
1200	Proficiency and Due Professional Care	X		

Quality Assessment Evaluation Summary—Major/Supporting Standards		GC	PC	DNC
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	Quality Assurance and Improvement Program	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of "Conforms with the *International Standards for the Professional Practice of Internal Auditing*"	X		
1322	Disclosure of Nonconformance	X		
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		

Appendix E1: Evaluation Summary: Quality Assessment

Quality Assessment Evaluation Summary—Major/Supporting Standards		GC	PC	DNC
2100	Nature of Work	X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		

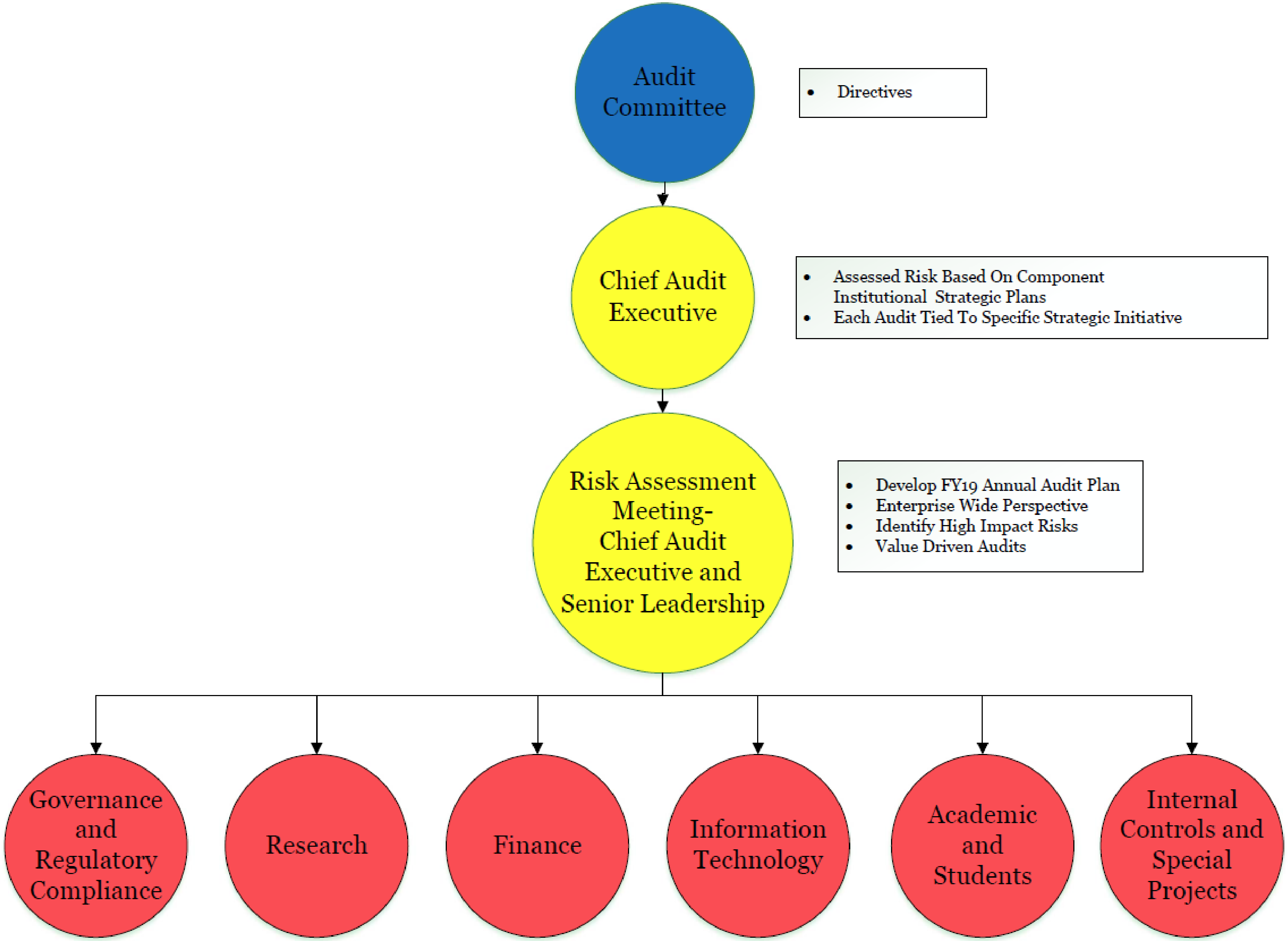
Quality Assessment Evaluation Summary—Major/Supporting Standards		GC	PC	DNC
2430	Use of "Conducted in Conformance with the *International Standards for the Professional Practice of Internal Auditing*"	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		
	The IIA's Code of Ethics	X		

V. Internal Audit Plan for Fiscal Year 2019

The Fiscal Year 2019 Internal Audit Plan for the University of North Texas System Internal Audit Department was approved by the Board of Regents on August 10, 2018.

The audits are derived from a comprehensive risk assessment conducted with senior leadership, and includes risk-based audits (compliance, operational, financial, and IT) and management reviews. Additionally, Internal Audit is co-sourcing with an external auditing firm to provide specific expertise required for technical audits.

The audit requirement prescribed in Rider 8, page III-44, the General Appropriations Act (85th Legislature) is included in the FY19 audit plan.



Audit Committee

- Directives

Chief Audit Executive

- Assessed Risk Based On Component Institutional Strategic Plans
- Each Audit Tied To Specific Strategic Initiative

Risk Assessment Meeting- Chief Audit Executive and Senior Leadership

- Develop FY19 Annual Audit Plan
- Enterprise Wide Perspective
- Identify High Impact Risks
- Value Driven Audits

Governance and Regulatory Compliance

Research

Finance

Information Technology

Academic and Students

Internal Controls and Special Projects

University of North Texas System Internal Audit
UNT System Strategic Plan Goals Operationalized in FY19 UNTS IA Annual Audit Plan

UNT System Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY19 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 Maximizing and Safeguarding Resources	Compliance; Reputational; Financial; Operational; Regulatory	Finance/Budget Finance	Employee Benefits Percentage Deductions Benefits Proportionality Disaster Recovery System Accessibility & Availability Uptime Role Based Access Data Validation Controls – Employee Benefits (TRS/ORP) Data Validation Controls – Vendor, HR, Payroll 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
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	College of Merchandising, Hospitality & Travel, Transition Audit College of Health & Public Service, Transition Audit Libraries Dean Transition Audit

University of North Texas System Internal Audit
UNT Strategic Plan Goals Operationalized in FY19 UNTS IA Annual Audit Plan

UNT Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY19 AAP Project
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	College of Merchandising, Hospitality & Travel, Transition Audit College of Health & Public Service, Transition Audit Libraries Dean Transition Audit
Achieve Efficient and Effective System	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Academic	Student-Managed Investment Fund (SMIF)
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	Academic	Psychology Clinic Audit
Achieve Efficient and Effective System	Operational Effectiveness	Information Technology; Compliance; Reputational; Operational	Institution Information Technology per College	Data Classification and Protection of Information
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Financial; Operational	Research	Grants and Contracts Compliance Effort Reporting Export and DOD Compliance
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Benefits Proportionality
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury and Institution Finance/Budget	Investments

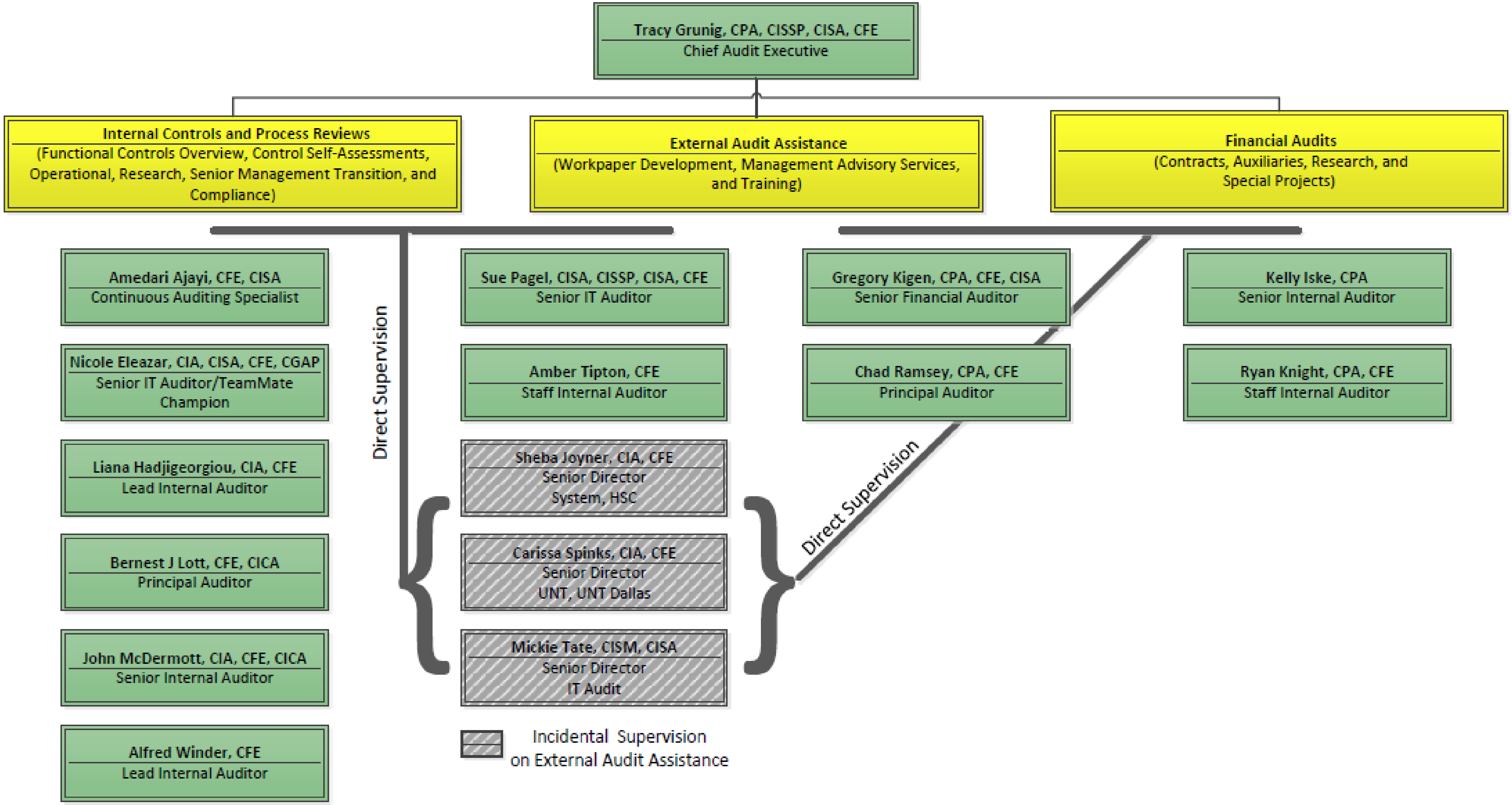
University of North Texas System Internal Audit
UNTHSC Strategic Plan Goals Operationalized in FY19 UNTS IA Annual Audit Plan

UNTHSC Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY19 AAP Project
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Research	Grants and Contracts Compliance Effort Reporting
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	Microbiology, Immunology, and Genetics Transition Audit
Achieve Efficient and Effective System	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Academic	Federal Reporting Audit
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	Physician Compensation Model
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Auxiliary Enterprise Department
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Auxiliary Enterprise Department
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
Grow Enrollment & Graduation; Grow Foundation Assets	Adherence to Regulations and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Academic	School of Medicine Review

University of North Texas System Internal Audit
UNT Dallas Strategic Plan Goals Operationalized in FY19 UNTS IA Annual Audit Plan

UNT Dallas Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY19 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 Finance	College of Law Dean Transition Audit Student Fees
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Research	Grants and Contracts Compliance Effort Reporting Facilities Certification Audit – THECB
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

UNTS IA Functional Organization Chart



Tracy Grunig, CPA, CISSP, CISA, CFE
Chief Audit Executive

Internal Controls and Process Reviews
(Functional Controls Overview, Control Self-Assessments, Operational, Research, Senior Management Transition, and Compliance)

External Audit Assistance
(Workpaper Development, Management Advisory Services, and Training)

Financial Audits
(Contracts, Auxiliaries, Research, and Special Projects)

Amedari Ajayi, CFE, CISA
Continuous Auditing Specialist

Nicole Eleazar, CIA, CISA, CFE, CGAP
Senior IT Auditor/TeamMate Champion

Liana Hadjigeorgiou, CIA, CFE
Lead Internal Auditor

Bernest J Lott, CFE, CICA
Principal Auditor

John McDermott, CIA, CFE, CICA
Senior Internal Auditor

Alfred Winder, CFE
Lead Internal Auditor

Direct Supervision

Sue Pagel, CISA, CISSP, CISA, CFE
Senior IT Auditor

Amber Tipton, CFE
Staff Internal Auditor

Sheba Joyner, CIA, CFE
Senior Director
System, HSC

Carissa Spinks, CIA, CFE
Senior Director
UNT, UNT Dallas

Mickie Tate, CISM, CISA
Senior Director
IT Audit

▨ Incidental Supervision on External Audit Assistance

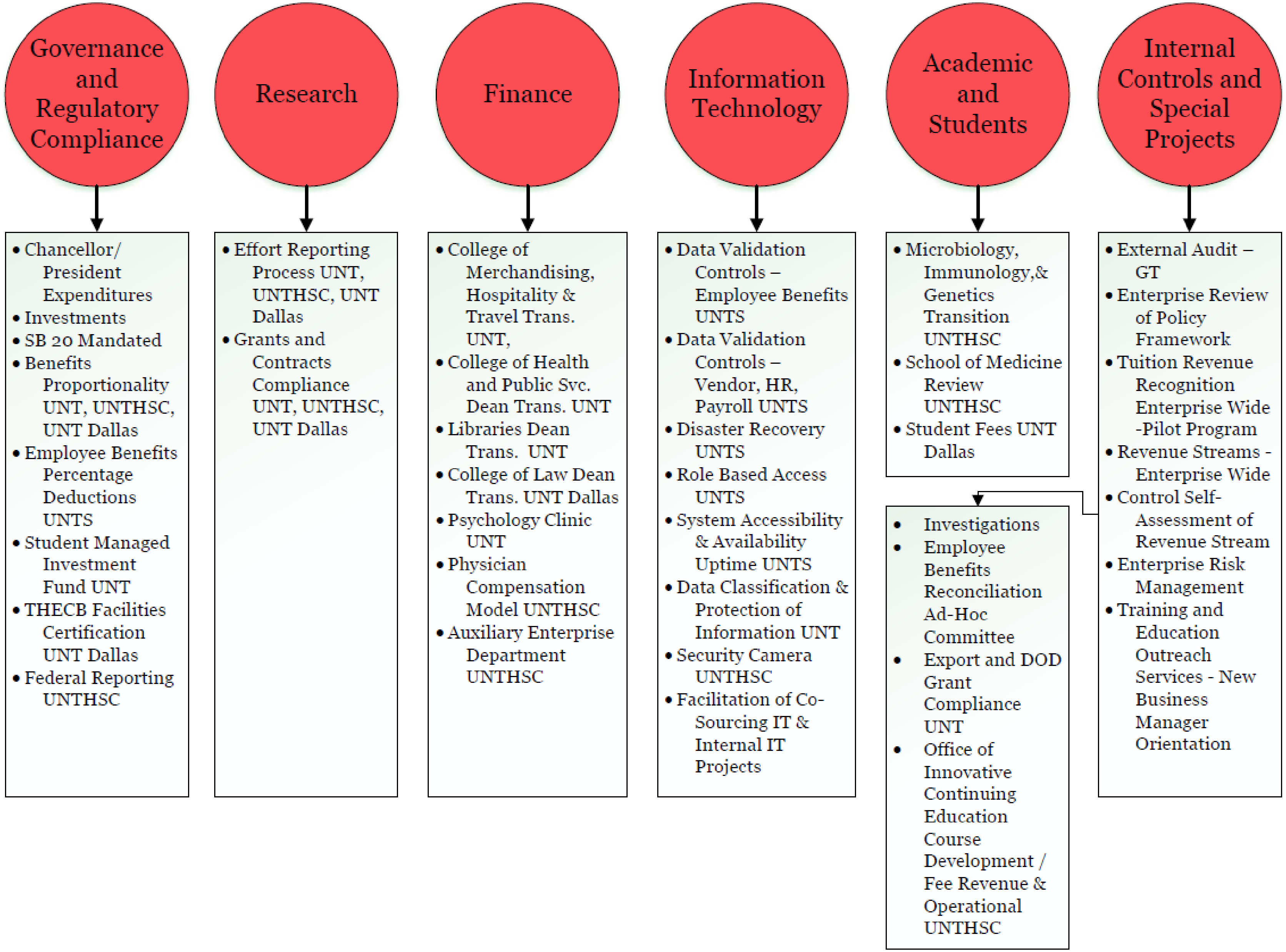
Direct Supervision

Gregory Kigen, CPA, CFE, CISA
Senior Financial Auditor

Chad Ramsey, CPA, CFE
Principal Auditor

Kelly Iske, CPA
Senior Internal Auditor

Ryan Knight, CPA, CFE
Staff Internal Auditor



Governance and Regulatory Compliance

- Chancellor/ President Expenditures
- Investments
- SB 20 Mandated
- Benefits Proportionality UNT, UNTHSC, UNT Dallas
- Employee Benefits Percentage Deductions UNTS
- Student Managed Investment Fund UNT
- THECB Facilities Certification UNT Dallas
- Federal Reporting UNTHSC

Research

- Effort Reporting Process UNT, UNTHSC, UNT Dallas
- Grants and Contracts Compliance UNT, UNTHSC, UNT Dallas

Finance

- College of Merchandising, Hospitality & Travel Trans. UNT,
- College of Health and Public Svc. Dean Trans. UNT
- Libraries Dean Trans. UNT
- College of Law Dean Trans. UNT Dallas
- Psychology Clinic UNT
- Physician Compensation Model UNTHSC
- Auxiliary Enterprise Department UNTHSC

Information Technology

- Data Validation Controls – Employee Benefits UNTS
- Data Validation Controls – Vendor, HR, Payroll UNTS
- Disaster Recovery UNTS
- Role Based Access UNTS
- System Accessibility & Availability Uptime UNTS
- Data Classification & Protection of Information UNT
- Security Camera UNTHSC
- Facilitation of Co-Sourcing IT & Internal IT Projects

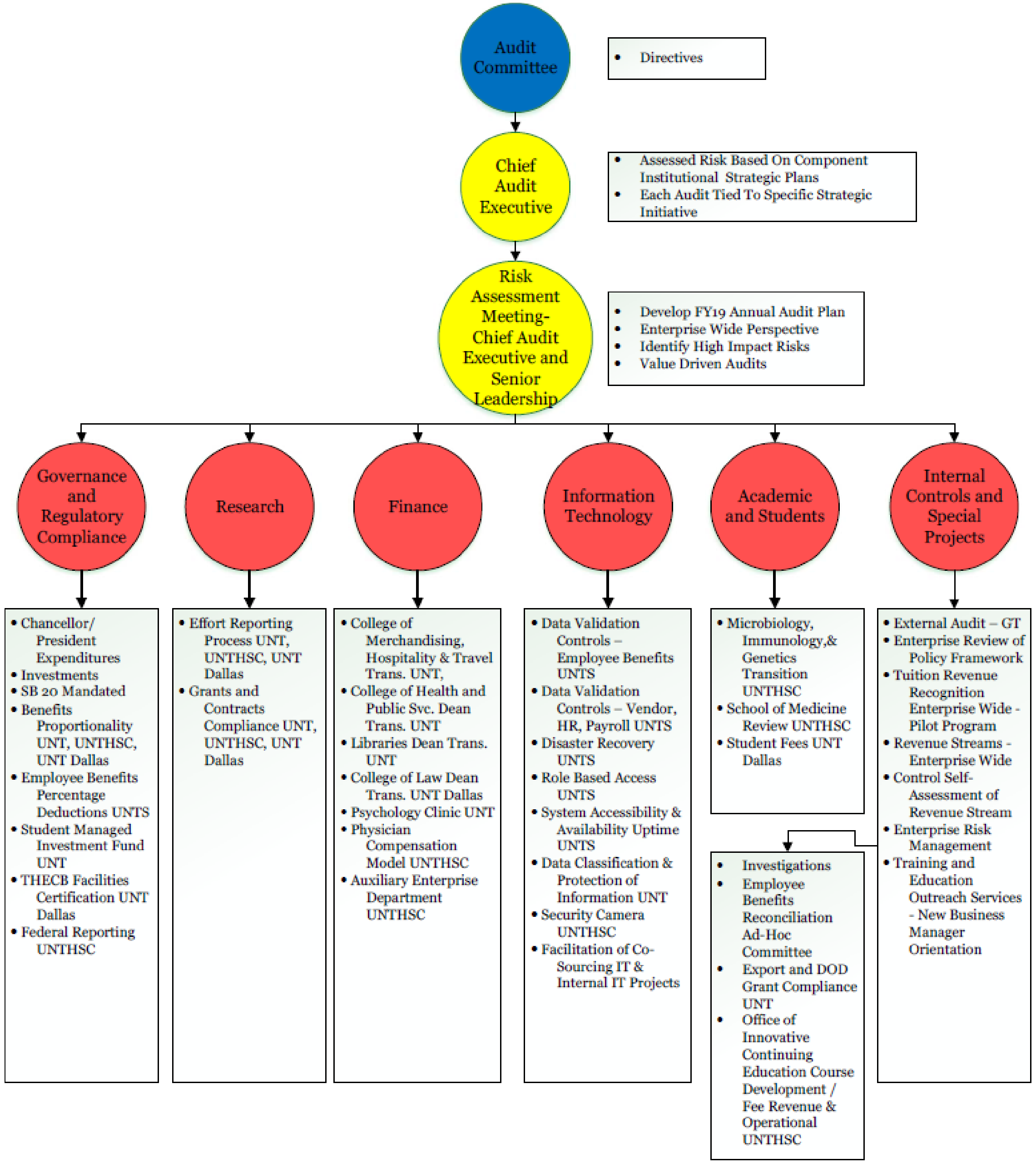
Academic and Students

- Microbiology, Immunology,& Genetics Transition UNTHSC
- School of Medicine Review UNTHSC
- Student Fees UNT Dallas

Internal Controls and Special Projects

- External Audit – GT
- Enterprise Review of Policy Framework
- Tuition Revenue Recognition Enterprise Wide -Pilot Program
- Revenue Streams - Enterprise Wide
- Control Self-Assessment of Revenue Stream
- Enterprise Risk Management
- Training and Education Outreach Services - New Business Manager Orientation

- Investigations
- Employee Benefits Reconciliation Ad-Hoc Committee
- Export and DOD Grant Compliance UNT
- Office of Innovative Continuing Education Course Development / Fee Revenue & Operational UNTHSC



Audit Committee

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- Each Audit Tied To Specific Strategic Initiative

Risk Assessment Meeting- Chief Audit Executive and Senior Leadership

- Develop FY19 Annual Audit Plan
- Enterprise Wide Perspective
- Identify High Impact Risks
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- Libraries Dean Trans. UNT
- College of Law Dean Trans. UNT Dallas
- Psychology Clinic UNT
- Physician Compensation Model UNTHSC
- Auxiliary Enterprise Department UNTHSC

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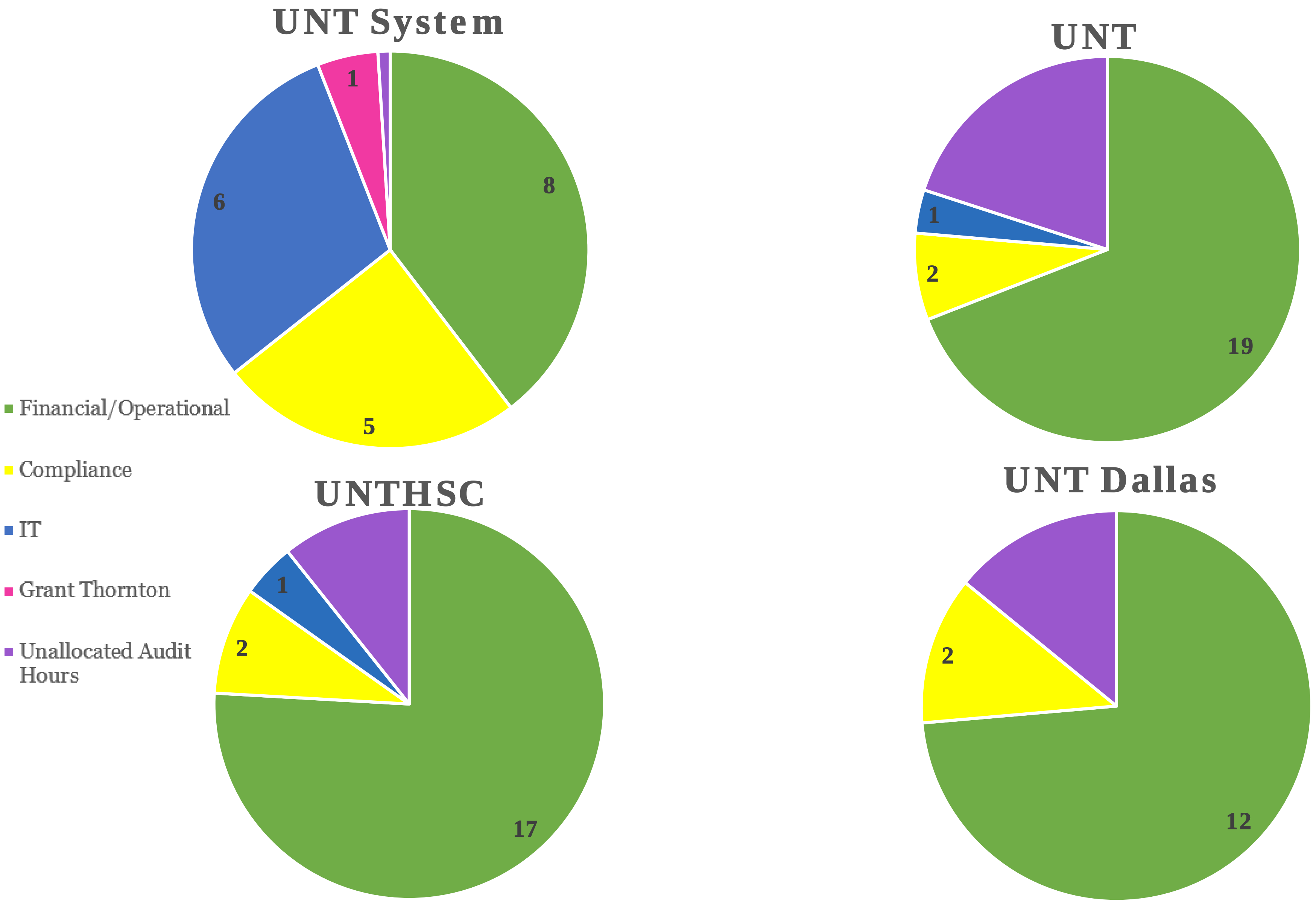
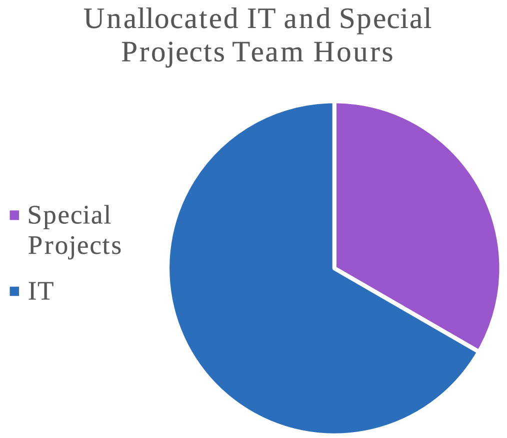
- Export and DOD Grant Compliance UNT
- Office of Innovative Continuing Education Course Development / Fee Revenue & Operational UNTHSC

Summary of FY19 Annual Audit Plan by Component

Component Name	Total Allocated Audit Hours	Total Unallocated Audit Hours	Total Audit Hours	Number of Audits
Enterprise	2,450	0	2,450	8
UNT System	4,390	263	4,653	12
UNT	3,175	767	3,942	14
UNTHSC	3,455	483	3,938	12
UNT Dallas	1,725	424	2,149	6
	15,195	1,937	17,132	52

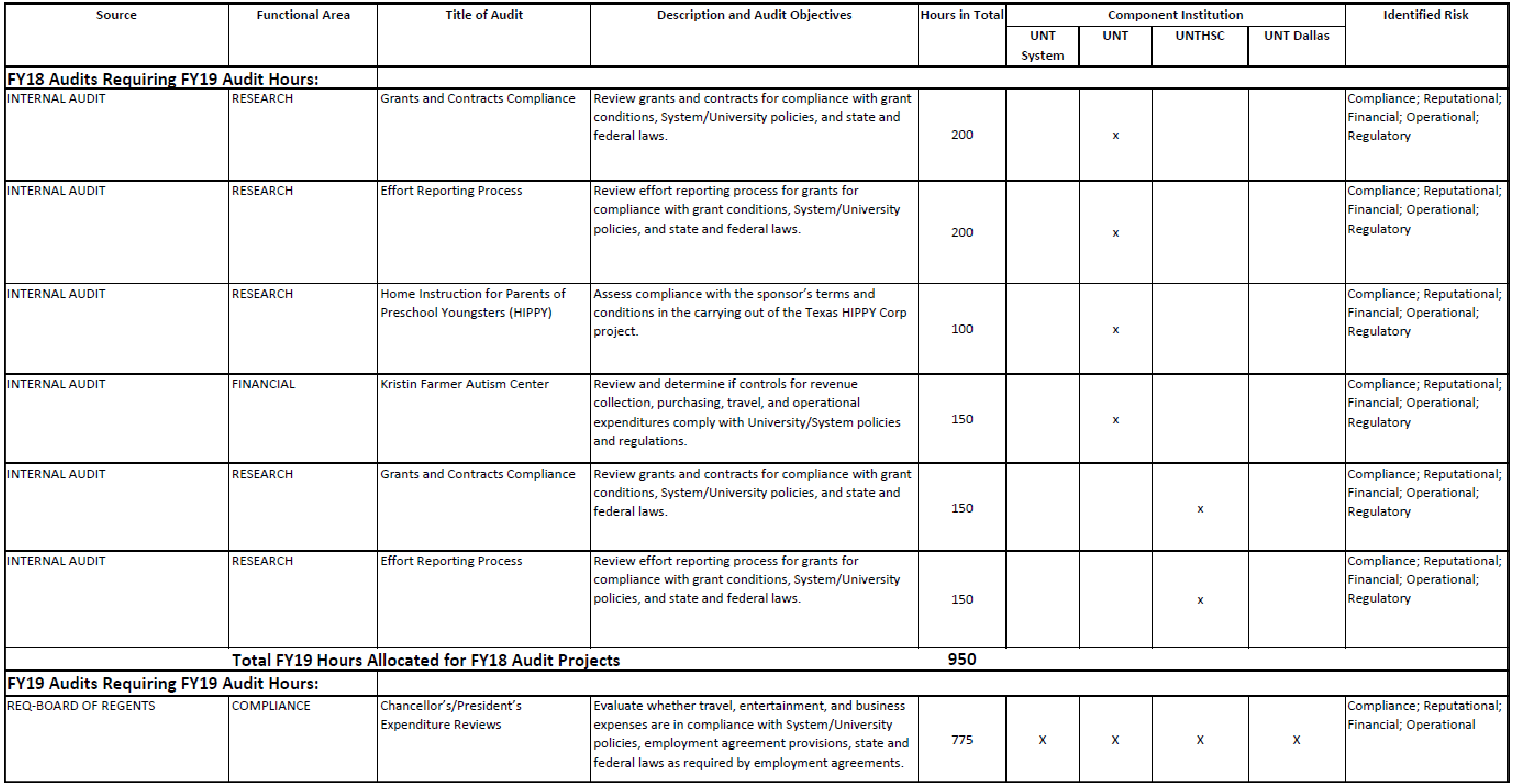
FY19 Audit Activity at Each Component Institution





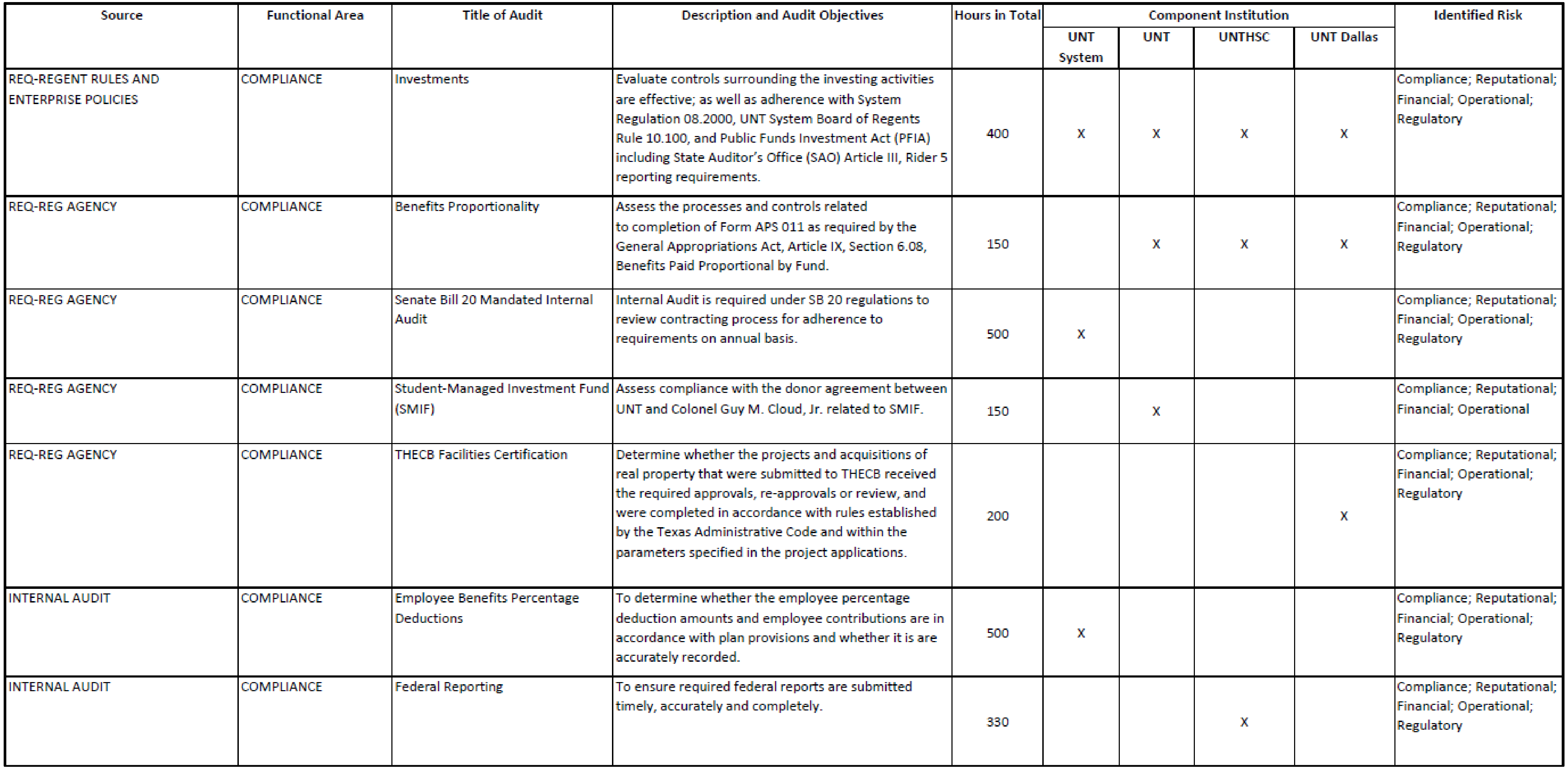
	Individual Audit Reports	All 4 Institutions Included in One Audit Report	Total Audit Activity
UNT System	12	8	20
UNT	14	8	22
UNTHSC	12	8	20
UNT Dallas	6	8	14
	44	32	76

University of North Texas System Internal Audit
FY19 Annual Internal Audit Plan



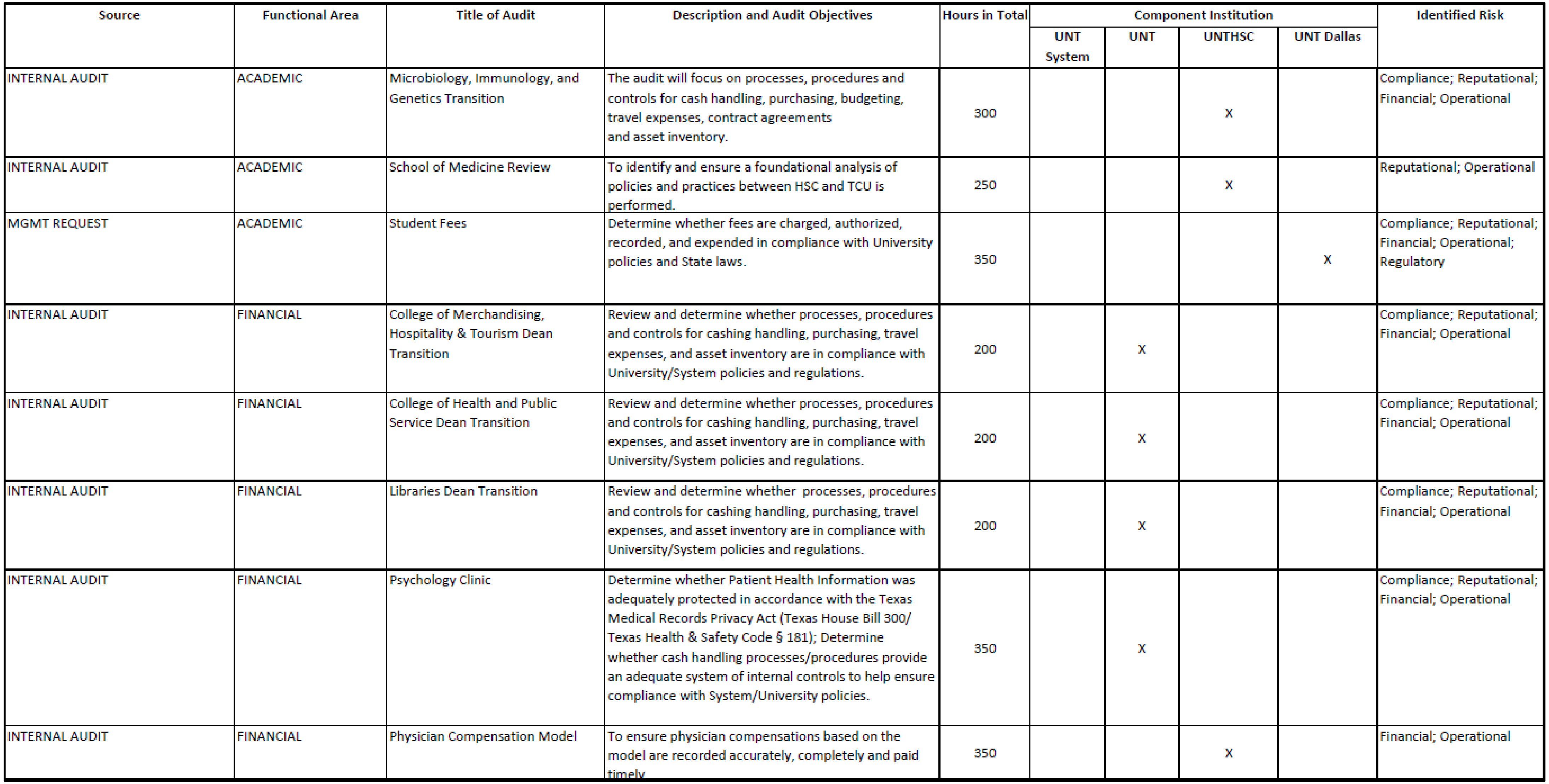
Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
FY18 Audits Requiring FY19 Audit Hours:									
INTERNAL AUDIT	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	200		x			Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	200		x			Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	RESEARCH	Home Instruction for Parents of Preschool Youngsters (HIPPY)	Assess compliance with the sponsor's terms and conditions in the carrying out of the Texas HIPPY Corp project.	100		x			Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	FINANCIAL	Kristin Farmer Autism Center	Review and determine if controls for revenue collection, purchasing, travel, and operational expenditures comply with University/System policies and regulations.	150		x			Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	150			x		Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	150			x		Compliance; Reputational; Financial; Operational; Regulatory
	Total FY19 Hours Allocated for FY18 Audit Projects			**950**					
FY19 Audits Requiring FY19 Audit Hours:									
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

University of North Texas System Internal Audit
FY19 Annual Internal Audit Plan



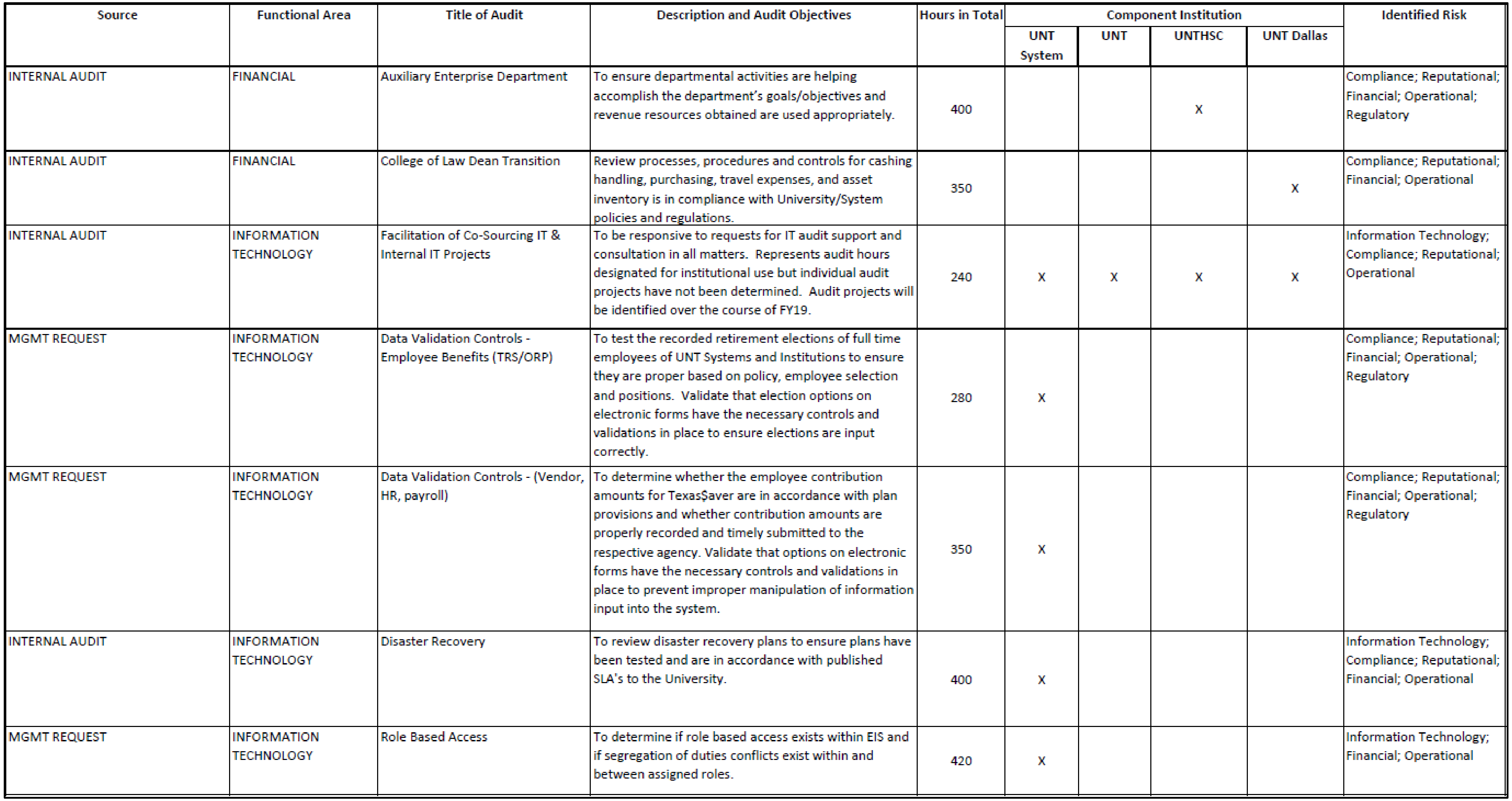
Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
REQ-REGENT RULES AND ENTERPRISE POLICIES	COMPLIANCE	Investments	Evaluate controls surrounding the investing activities are effective; as 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.	400	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.	150		X	X	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.	500	X				Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	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	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.	200				X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	COMPLIANCE	Employee Benefits Percentage Deductions	To determine whether the employee percentage deduction amounts and employee contributions are in accordance with plan provisions and whether it is are accurately recorded.	500	X				Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	COMPLIANCE	Federal Reporting	To ensure required federal reports are submitted timely, accurately and completely.	330			X		Compliance; Reputational; Financial; Operational; Regulatory

University of North Texas System Internal Audit
FY19 Annual Internal Audit Plan



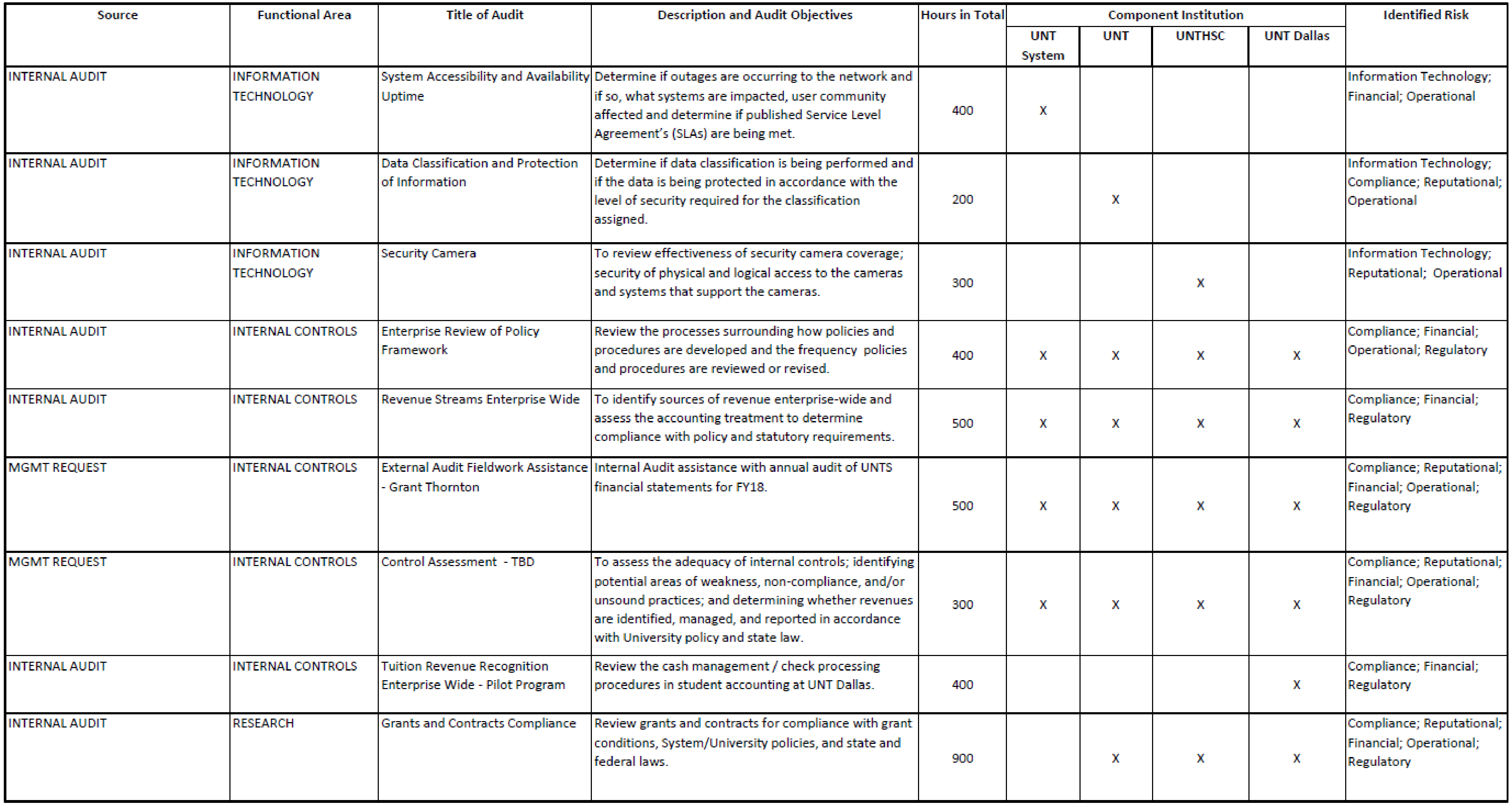
Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	ACADEMIC	Microbiology, Immunology, and Genetics Transition	The audit will focus on processes, procedures and controls for cash handling, purchasing, budgeting, travel expenses, contract agreements and asset inventory.	300			X		Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	ACADEMIC	School of Medicine Review	To identify and ensure a foundational analysis of policies and practices between HSC and TCU is performed.	250			X		Reputational; Operational
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
INTERNAL AUDIT	FINANCIAL	College of Merchandising, Hospitality & Tourism Dean Transition	Review and determine whether processes, procedures and controls for cashing handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	200		X			Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	College of Health and Public Service Dean Transition	Review and determine whether processes, procedures and controls for cashing handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	200		X			Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	Libraries Dean Transition	Review and determine whether processes, procedures and controls for cashing handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	200		X			Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	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.	350		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

University of North Texas System Internal Audit
FY19 Annual Internal Audit Plan



Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	FINANCIAL	Auxiliary Enterprise Department	To ensure departmental activities are helping accomplish the department's goals/objectives and revenue resources obtained are used appropriately.	400			X		Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	FINANCIAL	College of Law Dean Transition	Review processes, procedures and controls for cashing handling, purchasing, travel expenses, and asset inventory is in compliance with University/System policies and regulations.	350				X	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 but 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
MGMT REQUEST	INFORMATION TECHNOLOGY	Data Validation Controls - Employee Benefits (TRS/ORP)	To test the recorded retirement elections of full time employees of UNT Systems 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.	280	X				Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	INFORMATION TECHNOLOGY	Data Validation Controls - (Vendor, HR, payroll)	To determine whether the employee contribution amounts for Texas$aver are in accordance with plan provisions and whether contribution amounts are properly recorded and timely submitted 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.	350	X				Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	INFORMATION TECHNOLOGY	Disaster Recovery	To review disaster recovery plans to ensure plans have been tested and are in accordance with published SLA's to the University.	400	X				Information Technology; Compliance; Reputational; Financial; Operational
MGMT REQUEST	INFORMATION TECHNOLOGY	Role Based Access	To determine if role based access exists within EIS and if segregation of duties conflicts exist within and between assigned roles.	420	X				Information Technology; Financial; Operational

University of North Texas System Internal Audit
FY19 Annual Internal Audit Plan



Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	INFORMATION TECHNOLOGY	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.	400	X				Information Technology; Financial; Operational
INTERNAL AUDIT	INFORMATION TECHNOLOGY	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.	200		X			Information Technology; Compliance; Reputational; Operational
INTERNAL AUDIT	INFORMATION TECHNOLOGY	Security Camera	To review effectiveness of security camera coverage; security of physical and logical access to the cameras and systems that support the cameras.	300			X		Information Technology; Reputational; Operational
INTERNAL AUDIT	INTERNAL CONTROLS	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.	400	X	X	X	X	Compliance; Financial; Operational; Regulatory
INTERNAL AUDIT	INTERNAL CONTROLS	Revenue Streams Enterprise Wide	To identify sources of revenue enterprise-wide and assess the accounting treatment to determine compliance with policy and statutory requirements.	500	X	X	X	X	Compliance; Financial; Regulatory
MGMT REQUEST	INTERNAL CONTROLS	External Audit Fieldwork Assistance - Grant Thornton	Internal Audit assistance with annual audit of UNTS financial statements for FY18.	500	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	INTERNAL CONTROLS	Control Assessment - TBD	To 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.	300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	INTERNAL CONTROLS	Tuition Revenue Recognition Enterprise Wide - Pilot Program	Review the cash management / check processing procedures in student accounting at UNT Dallas.	400				X	Compliance; Financial; Regulatory
INTERNAL AUDIT	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

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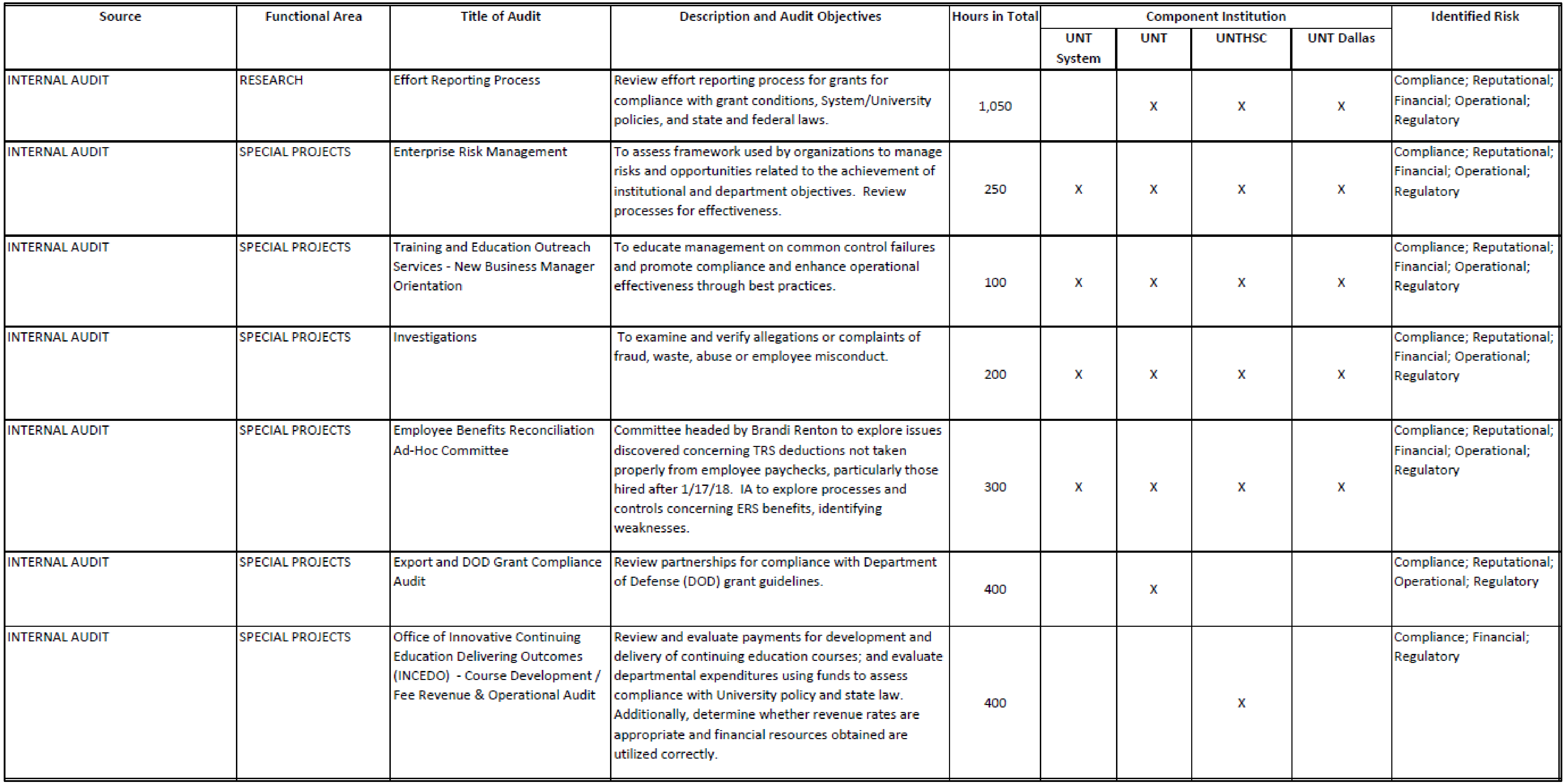
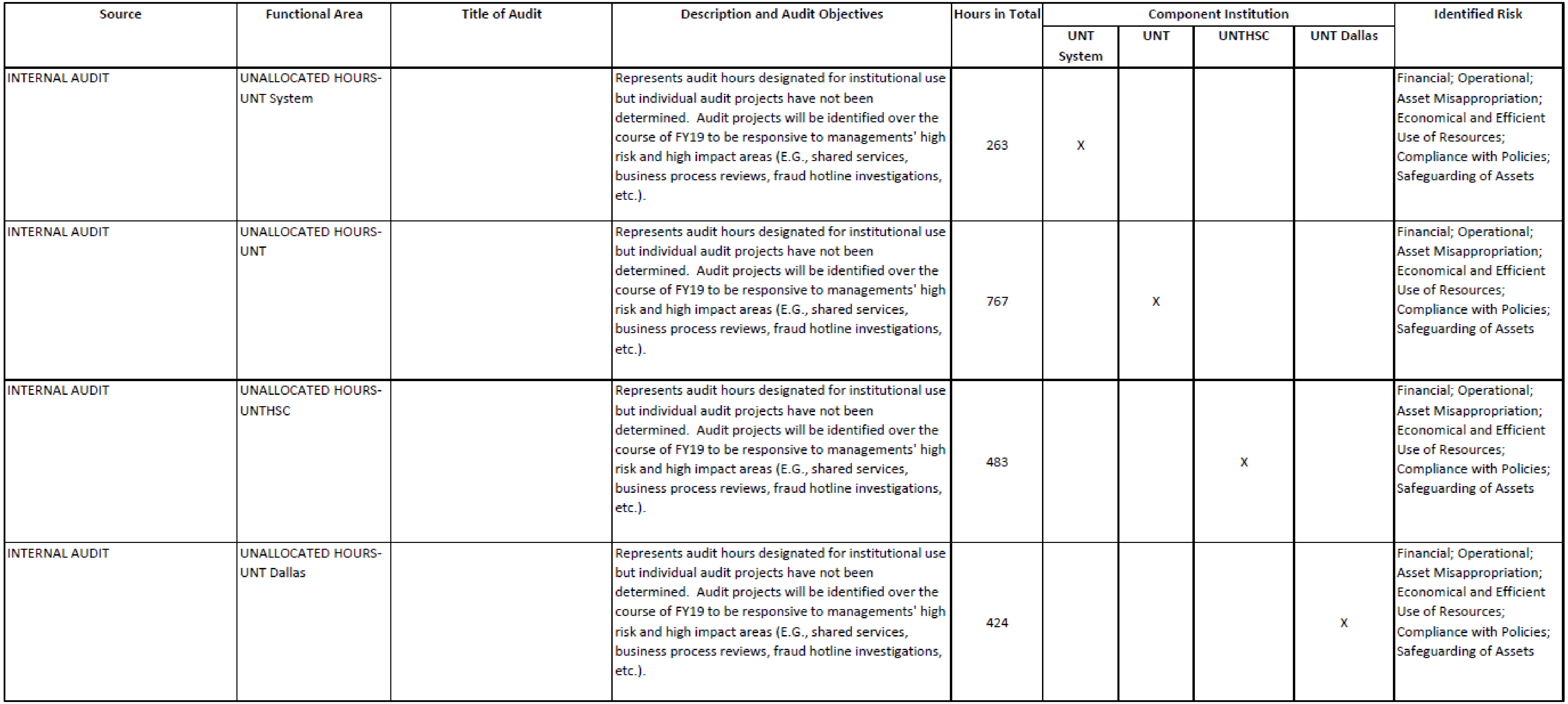


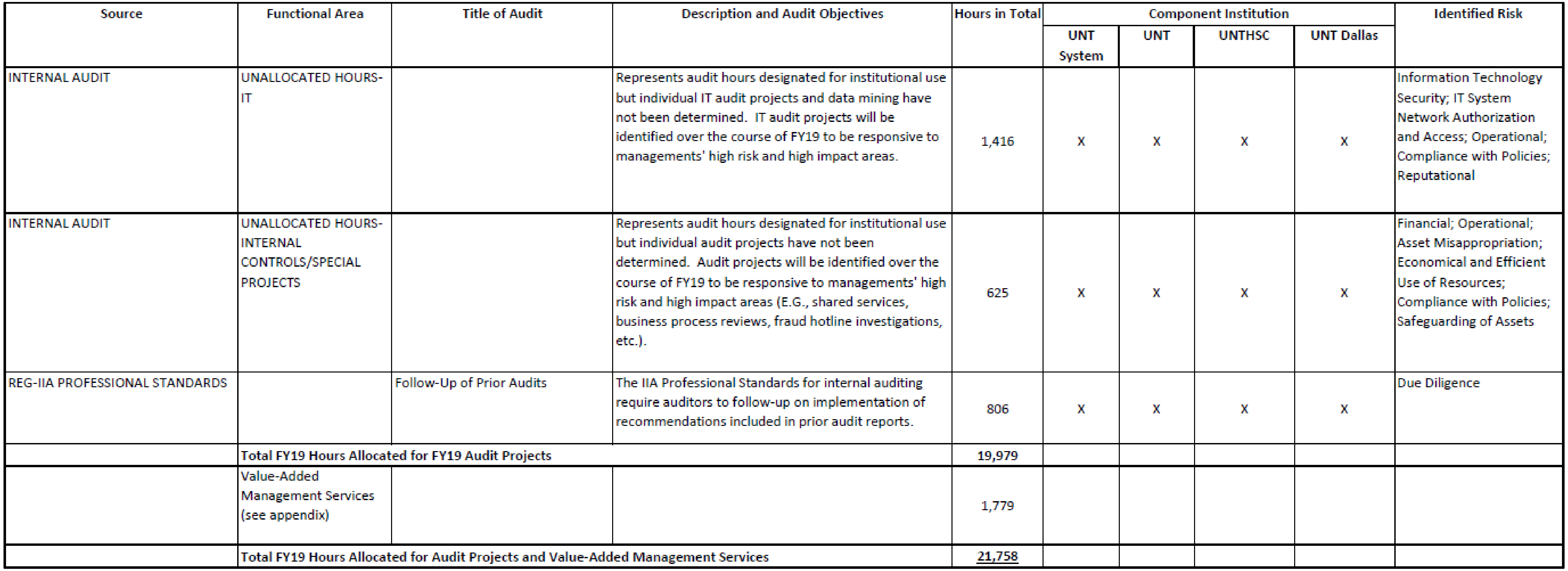
Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	1,050		X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	SPECIAL PROJECTS	Enterprise Risk Management	To assess framework used by organizations to manage risks and opportunities related to the achievement of institutional and department objectives. Review processes for effectiveness.	250	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	SPECIAL PROJECTS	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	SPECIAL PROJECTS	Investigations	To examine and verify allegations or complaints of fraud, waste, abuse or employee misconduct.	200	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	SPECIAL PROJECTS	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.	300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	SPECIAL PROJECTS	Export and DOD Grant Compliance Audit	Review partnerships for compliance with Department of Defense (DOD) grant guidelines.	400		X			Compliance; Reputational; Operational; Regulatory
INTERNAL AUDIT	SPECIAL PROJECTS	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.	400			X		Compliance; Financial; Regulatory

University of North Texas System Internal Audit
FY19 Annual Internal Audit Plan



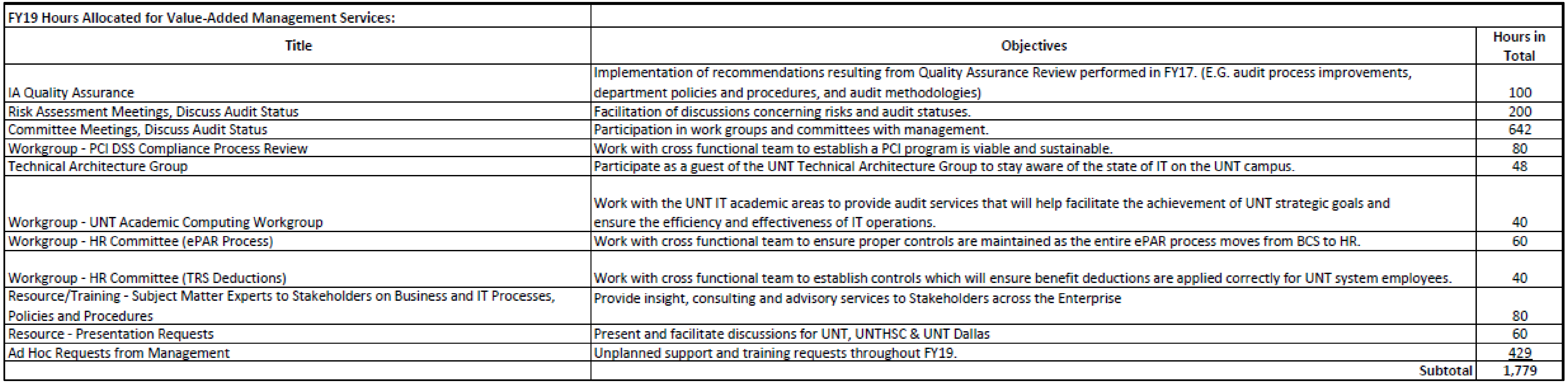
Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	UNALLOCATED HOURS-UNT System		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY19 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	263	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.).	767		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 FY19 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	483			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 FY19 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	424				X	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets

University of North Texas System Internal Audit
FY19 Annual Internal Audit Plan



Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
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 FY19 to be responsive to managements' high risk and high impact areas.	1,416	X	X	X	X	Information Technology Security; IT System Network Authorization and Access; Operational; Compliance with Policies; Reputational
INTERNAL AUDIT	UNALLOCATED HOURS-INTERNAL CONTROLS/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 FY19 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	625	X	X	X	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.	806	X	X	X	X	Due Diligence
	Total FY19 Hours Allocated for FY19 Audit Projects			**19,979**					
	Value-Added Management Services (see appendix)			1,779					
	Total FY19 Hours Allocated for Audit Projects and Value-Added Management Services			**21,758**					

University of North Texas System Internal Audit
FY19 Annual Internal Audit Plan –
Value Added Management Services Appendix



FY19 Hours Allocated for Value-Added Management Services:		
Title	**Objectives**	**Hours in Total**
IA Quality Assurance	Implementation of recommendations resulting from Quality Assurance Review performed in FY17. (E.G. audit process improvements, department policies and procedures, and audit methodologies)	100
Risk Assessment Meetings, Discuss Audit Status	Facilitation of discussions concerning risks and audit statuses.	200
Committee Meetings, Discuss Audit Status	Participation in work groups and committees with management.	642
Workgroup - PCI DSS Compliance Process Review	Work with cross functional team to establish a PCI program is viable and sustainable.	80
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
Workgroup - HR Committee (ePAR Process)	Work with cross functional team to ensure proper controls are maintained as the entire ePAR process moves from BCS to HR.	60
Workgroup - HR Committee (TRS Deductions)	Work with cross functional team to establish controls which will ensure benefit deductions are applied correctly for UNT system employees.	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	80
Resource - Presentation Requests	Present and facilitate discussions for UNT, UNTHSC & UNT Dallas	60
Ad Hoc Requests from Management	Unplanned support and training requests throughout FY19.	429
	Subtotal	1,779

Audit Risks Identified – Potential Unallocated Hour Usage

- UNT System
  - Data Analytics Project

- UNT
  - Animal Subject Research
  - NCAA Compliance

- UNTHSC
  - Procurement Contract Process

- UNT Dallas
  - Student Financial Aid
  - Provost Transition Audit

VI. External Audit Services Procured in Fiscal Year 2018

External Audit of the System's Financial Statements, Grant Thornton, LLP

Audit of Cancer Prevention and Research Institute of Texas Grants, BKD LLP

NCAA Agreed-Upon Procedures, Merki & Associates P.C.

Internal Audit Co-Sourced Engagements, PricewaterhouseCoopers LLP

Compliance Audit of the Title IV Program, Weaver

Annual Actuarial Analysis and Report for UNT Health Self-Insurance Plan, Fred R. White Company, Inc.

VII. Reporting Suspected Fraud and Abuse

To comply with the requirements of Section 7.09, Fraud Reporting, General Appropriations Act (85th Legislature), page IX-38, each entity in the UNT System provides a reporting mechanism on its public website for suspected instances of fraud, waste, and abuse of state resources. The UNT System entities' websites include information on how to report suspected fraud and abuse.

The UNT System Internal Audit Department is responsible for compliance with Texas Government Code, Section 321.022, Coordination of Investigations. The State Auditor's Office is notified of all instances where we have reasonable cause to believe fraud, waste or abuse may have occurred.