Schedule of Events for
Board of Regents Meeting

November 17-18, 2016

University of North Texas
University Union, Room 333
1155 Union Circle
Denton, TX

Thursday, November 17, 2016

9:00 am CONVENE FULL BOARD (Room 333)

CHANCELLOR’S REMARKS
- Report on Fall Convening
- Survey Climate in 2017
- Legislative Session
- Financial Milestones and Information Technology Investments Ahead

HOST PRESIDENT REMARKS
- Athletics Update
- Upcoming Events and Donor Updates
- Research Collaborations

9:30 am STRATEGIC AND OPERATIONAL EXCELLENCE COMMITTEE

Call to Order:
- Approval of minutes of August 18, 2016 meeting

Briefings:

UNT System Administration and Institutional Strategic Plan Review (Revised material 11.16.16)
- Lee Jackson, UNTS, Chancellor
- Neal Smatresk, UNT, President
- Jeanie Foster, UNTHSC, Executive Director of Strategic Alignment
- Bob Mong, UNTD, President

Background Material:
- Quarterly Operations Report
- UNTS Administration and Institutional Strategic Planning Documentation (Revised material 11.16.16)
Adjourn Strategic & Operational Excellence Committee.

10:30 am  ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE

Call to Order:
- Approval of minutes of August 18-19, 2016 meeting

Briefings:

UNT Annual Research Report
- Tom McCoy, UNT, VP Research and Economic Development

Background Material:
- Quarterly Academic Measures Report

Recess Academic Affairs & Student Success Committee.

11:15 am  AUDIT COMMITTEE

Call to Order
- Approval of minutes of the August 18-19, 2016 meeting

Briefings:

Report of Audit Activities
- Tracy Grunig, UNT System, Chief Audit Executive

UNT Enterprise Audit Report Inventory
- Tracy Grunig, UNT System, Chief Audit Executive

Background Material:
- UNT System Consolidated Annual Compliance Report, September 2015 through August 2016

Adjourn Audit Committee.

12:00 pm  LUNCH

1:00 pm  FINANCE AND FACILITIES COMMITTEE

Call to Order:
- Approval of minutes of the August 18-19, 2016 meeting

Briefings:

Campus Master Plan Update
- James Maguire, UNTS, VC for Facilities Planning & Construction

Annual Investment Report (Annual Committee Calendar Topic)
Mike Mlinac, UNT Foundation, President and CEO  
Alfred Lockwood, UNT Foundation, Director of Investment Administration  
Doug White, UNTHSC, VP of Institutional Advancement  
James Meintjes, J.P.Morgan, CFA, Banker  
Kyle Hitchcock, J.P. Morgan, Investment Specialist

University of North Texas System Treasury and Investments Assessment
- Marc Monyek, Ernst & Young, Senior Manager, Global Treasury Services
- Joon-Woo Song, Ernst & Young, Manager, Global Treasury Services

Risk Management: Crime Statistics and Safety Strategies
- Ed Reynolds, UNT, Chief of Police
- Maureen McGuinness, UNT, Dean of Students
- Dan Edelman, UNTD, EVP for Finance & Administration
- Jamaica Chapple, UNTD, AVP for Student Success
- Cliff Jaynes, UNTD, Chief of Police
- Trisha Van Duser, UNTHSC, Executive Director, Student Services
- Matt Moncus, UNTHSC, Director, HSC Safety Office

Background Material:
- Quarterly Operations Report

Recess Finance & Facilities Committee.

4:00 pm EXECUTIVE SESSION (Room 385)

Government Code, Chapter 551, Section .07 – Deliberations Regarding Security Devices or Security Audits
- Consideration of matters related to the deployment of security personnel, and the uses of security audits and devices

Government Code, Chapter 551, Section .071 - Consultation with Attorneys Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers
- Consultation with counsel regarding confidential legal matters, including pending, threatened, and contemplated litigation or settlement offers
- Consultation with counsel regarding contemplated, ongoing and/or finalized investigations and any findings, conclusions or recommendations related to those investigations
- Consultation with counsel regarding audits and any findings, conclusions or recommendations related to those audits
- Consultation with counsel on the status of negotiations and/or compliance with contracts and agreements, including but not limited to research grants and contracts, including legal obligations and duties and any and all related facts
- Consultation with counsel regarding ethics, conflicts of interest, and contracting policies
- Consultation with counsel regarding accreditation matters related to the UNT Dallas College of Law
- Consultation with counsel regarding legal obligations related to tenure and tenure revocation proceedings
- Consultation with counsel regarding legal duties and responsibilities of members of the Board of Regents, and System and University officers and employees

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

- Consideration of individual personnel matters related to the appointment, employment, evaluation, reassignment, discipline and dismissal of System and Institution officers or employees
- Consideration of individual personnel matters related to Agenda Items 3 and 4

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

- Consideration of the recommendation to terminate for adequate cause the tenured employment of Dr. Stevens Brumley, Associate Professor, College of Arts and Sciences, Biological Sciences, and possible action

**RECESS**
Friday, November 18, 2016

8:00 am CONVENE FULL BOARD (Room 333)

Recess for executive session.

EXECUTIVE SESSION (Room 385)

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

- Consultation with counsel regarding confidential legal matters, including pending, threatened, and contemplated litigation or settlement offers
- Consultation with counsel regarding confidential legal matters, including legal obligations related to tenure and tenure revocation proceedings

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

- Consideration of the recommendation to terminate for adequate cause the tenured employment of Dr. Stevens Brumley, Associate Professor, Department of Biological Sciences, College of Arts and Science, UNT, and possible action
- Consideration of individual personnel matters related to the evaluation and compensation of, and employment agreement with the UNTD President

9:00 am Reconvene the Board in Open Session (Room 333) to consider action on Executive Session items, if any

Recess for committee meetings.

9:00 am ACADEMIC AFFAIRS & STUDENT SUCCESS COMMITTEE

7. UNT Approval of New UNT Bachelor of Arts Degree Program with a Major in Japanese
8. UNT Approval to Add the TWU and UNT Joint Master of Social Work Degree Program
9. UNT Approval to Add the UNT Master of Arts Degree Program with a Major in Women’s and Gender Studies

Adjourn Academic Affairs & Student Success Committee.

9:20 am FINANCE AND FACILITIES COMMITTEE

Action Items

10. UNTS Approval to Request to Exceed the Full-Time Equivalent Limitation for Fiscal year 2017
11. UNTS Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto
12. UNTS Twenty-Fifth Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto

13. UNTS Amendment to Regents Rule 10.300, Debt Management

14. UNTS Approval of Amended UNT System Regulation 08.2000, Investment of System Funds

15. UNTS Approval to Extend Agreement for Firm to Perform the FY 2017-2018 UNT System External Audits

16. UNTS Acquisition of Real Property Located at 1125 North Texas Boulevard, Denton, Texas

17. UNTHSC Approval of UNTHSC Professional Medical Malpractice Self-Insurance Premium Rates

Adjourn Finance and Facilities Committee.

10:00 am CONVENE THE FULL BOARD

CONSENT AGENDA

1. UNTS Approval of the Minutes of the August 18-19, 2016, Board Meeting and September 6, 2016, Special Called Board Meeting

2. UNTS FY18 & FY19 Holiday Schedule for the UNT System Administration, UNT, UNTHSC, and UNT Dallas

3. UNT Approval of UNT Emeritus Recommendations

4. UNTHSC Approval of Tenure Recommendation for New UNTHSC Faculty Appointee

5. UNTHSC Authorization to Enter into Agreement Between Tarrant County Public Health and UNTHSC for Continuing Education Program

6. UNTHSC Subcontract and BAA from Tarrant County for “Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)” to be Provided to UNTHSC, PI Dr. Amy Raines-Milenkov

ACTION ITEMS

7. UNT Approval of New UNT Bachelor of Arts Degree Program with a Major in Japanese

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11:00 am  RECESS FOR EXECUTIVE SESSION (Room 385)

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

- Consideration of individual personnel matters related to appointment and selection processes, duties and responsibilities, employment, and evaluation of System and Institution officers or employees

1:00 pm  Reconvene the Board in Open Session (Room #333) to consider action on Executive Session items, if any

1:05 pm  ADJOURNMENT
MINUTES
BOARD OF REGENTS
Strategic and Operational Excellence Committee
August 18, 2016

The Strategic and Operational Excellence Committee of the Board of Regents of the University of North Texas System convened on Thursday, August 18, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following members in attendance: Regents Milton Lee, A.K. Mago, Gwyn Shea, and Al Silva.

There being a quorum present the meeting was called to order by Committee Chair, Regent Milton Lee, at 9:25 am. The minutes of the May 19, 2016, Committee meeting were approved on a 4-0 vote following a motion by Regent Shea and seconded by Regent Silva.

The first briefing, UNT System Shared Services Review, was delivered by J. Puckett, Senior Partner and Managing Director, and Ernesto Pagano, Principal, Boston Consulting Group.

The Committee was updated on UNT System Administration and Institutional Strategic Plan Review by Chancellor Lee Jackson and the institutional presidents, UNT President Neal Smatresk, UNT Health Science Center President Michael Williams, and UNT Dallas President Bob Mong.

There being no further business, the Committee meeting adjourned at 10:55 am.

Submitted By:

Rosemary R. Haggett
Board Secretary

Date: Aug 24, 2016
UNT System Strategic Planning Update
<table>
<thead>
<tr>
<th>UNTS THEME</th>
<th>KEY OBJECTIVES</th>
<th>MEASURES / 5 YR TARGETS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEARNING &amp; DISCOVERY:</td>
<td>1. Ensure quality academic program offerings</td>
<td>% of Academic Programs with Endorsed Priorities and Goals</td>
<td>100%</td>
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<tr>
<td></td>
<td></td>
<td>Total No. of Degrees Awarded</td>
<td>10,192</td>
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<tr>
<td>SUSTAINABLE GROWTH, FINANCE &amp; RESOURCES:</td>
<td>2. Increase mission-specific investment</td>
<td>% of Budget Invested in Primary Mission Service</td>
<td>80%</td>
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<tr>
<td>Quality Experiences for Lifetime Success:</td>
<td>3. Increase student engagement and satisfaction</td>
<td>% of Statewide Average Private Contributions Per FTSE</td>
<td>100%</td>
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<td></td>
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<td>% of Students Who Would Recommend Their Program</td>
<td>100%</td>
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<td>% Graduates with Institutionally Approved High Impact Career Experience</td>
<td>100%</td>
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<td>PEOPLE &amp; TEAMWORK:</td>
<td>4. Increase service quality and satisfaction</td>
<td>% Satisfaction of Internal/External Customers</td>
<td>100%</td>
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<td></td>
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<td>% of engaged employees</td>
<td>100%</td>
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</tbody>
</table>
### Sample Academic Program Review Matrix

<table>
<thead>
<tr>
<th>UNT Health Science Center</th>
<th>4th Year Enrolled</th>
<th>4th Year Degrees Awarded</th>
<th>Avg. Time to Graduation</th>
<th>Avg. Total SCH at Graduation</th>
<th>Librarianship Passage Rates</th>
<th>4/FF/FT Faculty Supporting</th>
<th>Non-4/FF/FT Faculty Supporting</th>
<th>Faculty Workload</th>
<th>Formula Funding Matrix</th>
<th>Graduate Job Placement Rate/Quality</th>
<th>Regional/State Accreditation</th>
<th>Rankings</th>
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<td>Texas College of Osteopathic Medicine</td>
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<td>Graduate School of Biomedical Sciences</td>
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<td>Biomedical Sciences - MS</td>
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<td>Public Health - Masters</td>
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<td>Public Health Practice Ph.D.</td>
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<td>Public Health Sciences, M.D.</td>
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<td>Health Administration</td>
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<td>UNTS College of Pharmacy</td>
<td>PharmD</td>
<td>✓</td>
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<td>HSC/TCU Medical School</td>
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Note: The table above represents a sample academic program review matrix. The '✓' symbol indicates that the program meets the criteria in the respective category.
# Sustainable Growth, Finance & Resources

**NACUBO Expense Categories:**

<table>
<thead>
<tr>
<th>PRIMARY MISSION</th>
<th>SUPPORT SERVICES</th>
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</thead>
<tbody>
<tr>
<td>1. Instruction</td>
<td>1. Institutional Support</td>
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<tr>
<td>2. Research</td>
<td>2. Operation &amp; Maintenance</td>
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<tr>
<td>3. Public Service</td>
<td>3. Auxiliary Enterprises</td>
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<tr>
<td>5. Student Services</td>
<td>5. Capital Projects</td>
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<tr>
<td>7. Hospitals*</td>
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</tbody>
</table>

*UNT System does not have any hospital expenses*
Quality Experiences for Lifetime Success

Examples of Academic Programs that include significant career experience:

- Accounting
- Art Education
- Audiology
- Aviation Logistics
- Behavior Analysis
- Communication Design
- Counseling
- Digital Retailing
- Educational Leadership
- Emergency Administration and Planning
- Hospitality Management
- Human Services Management and Leadership
- Interior Design
- Journalism
- Kinesiology
- Logistics and Supply Chain Management
- Osteopathic Medicine
- Pharmacy
- Physical Therapy
- Physician Assistant
- Public Health
- Social Work
- Taxation
- Teacher Education
People & Teamwork

Gallup Employee Survey Questions:

Q1
I know what is expected of me at work.

Q2
I have the materials and equipment I need to do my work right.

Q3
At work, I have the opportunity to do what I do best every day.

Q4
In the last seven days, I have received recognition or praise for doing good work.

Q5
My supervisor, or someone at work, seems to care about me as a person.

Q6
There is someone at work who encourages my development.

Q7
At work, my opinions seem to count.

Q8
The mission or purpose of my university makes me feel my job is important.

Q9
My associates or fellow employees are committed to doing quality work.

Q10
I have a best friend at work.

Q11
In the last six months, someone at work has talked to me about my progress.

Q12
This last year, I have had opportunities at work to learn and grow.

Q13
On a scale of 0-10, how likely are you to recommend your institution (could we logic it to insert UNT/UNT HSC/UNTD) to a friend or colleague?
UNT Strategic Goals
# Plan Priorities: UNT Strategic Goals

## Highlights:
- Initiatives to grow research
- More programs ranked in the top 100
- Increase in cash donations received
- Initiatives to grow the number of graduate students and degrees awarded

## UNTS THEME: KEY OBJECTIVES MEASURES / 5 YR TARGETS STATUS

### LEARNING & DISCOVERY:
1. Increase total research expenditures and elevate national prominence
   - Increase restricted research expenditures: $31.5M
   - Increase # of programs ranked nationally in top 100: 70

### SUSTAINABLE GROWTH, FINANCE & RESOURCES:
2. Increase revenues and value
   - Increase cash donations received: $23.3M
   - Increase # of graduate students: 8,042

### QUALITY EXPERIENCES FOR LIFETIME SUCCESS:
3. Prepare all graduates to be competitive in the marketplace
   - Increase # of degrees awarded: 9,051
   - Increase % of UG graduating students receiving significant career development through university programs: 50%

### PEOPLE & TEAMWORK:
4. Create a data driven culture that focuses on continuous improvement
   - Increase % of engaged employees: 100%
   - Increase % of faculty and staff who have participated in culture change training: 50%
Key Objective 1

*Increase total research expenditures and elevate national prominence*

**Measure:** Increase restricted research expenditures (T: $31.5M; R: FY15 - $16.1M)
- Recruit and retain STEM impact hires
- Increase TRIP funding through partnerships
- Institutes of Research Excellence
- Research space construction

**Measure:** Increase number of programs ranked nationally in top 100 (T: 70; R: 62, new baseline)
- Conducted strategic review of rankings most influential within each discipline
- Identified more rankings than originally anticipated (62)
- Determined new baseline (62) and established new 5-year goal (70)
Key Objective 2

*Increase revenues and value*

**Measure:** Increase cash donations received (T: $23.3M; R: FY16 - $16.7M)

- Implemented a new donor management system – discovery, cultivation, solicitation
- Shifted focus to maximize relationships with major gift donors

**Measure:** Increase number of graduate students (T: 8,042; R: Fall 2016 - 6,782)

- Reorganized Graduate School to increase efficiencies
- Increasing competitiveness through reformulation of stipend and tuition benefit program
- 100 new doctoral student lines in Fall 2017: promoting Ph.D. production
Key Objective 3

Prepare all graduates to be competitive in the marketplace

Measure: Increase number of degrees awarded (T: 9,051; R: Federal reporting year 15/16 - 8,552)

- Growing enrollment
- Implementing student success initiatives
- Continuing to increase FTIC retention rate

Measure: Increase percentage of UG graduating students receiving significant career development through university programs (T: 50%; R: planning phase)

- Faculty and Career Center staff collaborating with Career Connect (QEP) – unified approach
- Aligning with National Survey of Student Engagement (NSSE) High Impact Practices (HIP) research
- High Impact Practices – internships, service learning, study abroad, UG research, etc.
Create a data driven culture that focuses on continuous improvement

Measure: Increase percentage of engaged employees (T: 100%; R: planning phase)

- UNT System to conduct Gallup Q12 employee survey
- Strengthened Staff Senate organizationally to increase communication and engagement

Measure: Increase percentage of faculty and staff who have participated in culture change training (T: 50%; R: planning phase)

- Academic Chairs participating in coaching program
- Leadership Fellows program
- “Smallify” program
- Lean Process Improvement
<table>
<thead>
<tr>
<th>UNTS THEME</th>
<th>KEY OBJECTIVES</th>
<th>MEASURES / 5 YR TARGETS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEARNING &amp; DISCOVERY:</strong></td>
<td>1. Transform to a high performing center</td>
<td>% of schools and institutes meeting high performance criteria</td>
<td>100%</td>
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<tr>
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<td>Research award dollars increased</td>
<td>$55,000,000</td>
</tr>
<tr>
<td><strong>SUSTAINABLE GROWTH, FINANCE &amp; RESOURCES:</strong></td>
<td>2. Strengthen HSC long-term viability</td>
<td>Total donor funds received</td>
<td>$50,000,000</td>
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<td># of total GME slots</td>
<td>550</td>
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<tr>
<td><strong>QUALITY EXPERIENCES FOR LIFETIME SUCCESS:</strong></td>
<td>3. Create student outcomes and experiences that deliver values and extraordinary service to others</td>
<td>% of programs with &gt;90% satisfaction with quality of teaching</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of programs with &gt;90% satisfaction with quality of education</td>
<td>100%</td>
</tr>
<tr>
<td><strong>PEOPLE &amp; TEAMWORK:</strong></td>
<td>4. Build culture based on values</td>
<td>Net Promoter score for all customers</td>
<td>&gt;90%</td>
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<tr>
<td></td>
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<td>% of New Hires hired for Values and Competencies</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Status columns show progress from baseline to FY16 to current year (FY17) progress.*
2017 Key Objectives and Performance

1) Build Culture Based on Values:
   A) # of Best Place to Work initiatives: T=4/R=3
   B) % Team Hired on Values/Comp: T=65%/R=42%

2) High Performing HSC:
   A) Research Award $: T=105% 2016/R=26%
       T=$49.6/R=$12.9
       (2017 1115 Waiver = $8.5M)
   B) New External Partnerships: T=5/R=4
### 2017 Key Objectives and Performance

#### 3) Student Outcomes & Experiences:

**Degree Programs with >= 90% satisfaction in quality of:**

- **A) Teaching**  
  - T= 100% of programs

- **B) Education**  
  - T= 100% of programs

#### 4) Strengthen HSC Long-term Viability:

- **A) Total Donor Funds Received:**  
  - T= $12.1M/R=$1.4M

- **B) Total GME Slots Created:**  
  - T=420/R=420
Interdisciplinary Research and Education Building
UNT Dallas
Strategic Planning Update
## Plan Priorities: UNT Dallas Strategic Goals

<table>
<thead>
<tr>
<th>UNTS THEME</th>
<th>KEY OBJECTIVES</th>
<th>MEASURES / 5 YR TARGETS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEARNING &amp; DISCOVERY</td>
<td>1. Establish academic programs of excellence that address regional and student needs</td>
<td>No. of Programs of Excellence compared to national peers 4</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Priority Programs Aligned to Workforce Needs 10</td>
<td>20%</td>
</tr>
<tr>
<td>SUSTAINABLE GROWTH, FINANCE &amp; RESOURCES</td>
<td>2. Increase annual fundraising and enrollment to achieve sustainable size</td>
<td>Total Cash Received $5 Million</td>
<td>12%</td>
</tr>
<tr>
<td>QUALITY EXPERIENCES FOR LIFETIME SUCCESS</td>
<td>3. Increase graduates with quality learning outcomes and career experiences</td>
<td>% of Headcount Enrollment Goal 5,000</td>
<td>11%</td>
</tr>
<tr>
<td>PEOPLE &amp; TEAMWORK:</td>
<td>4. Build a strong culture of shared values</td>
<td>% of Students Who Would Recommend their program 100%</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of engaged employees 100%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Key Objective: Theme 1

1) Establish academic programs of excellence that address regional and student needs

A) No. of Programs of Excellence compared to national peers: T=5
B) Priority Programs Aligned to Workforce Needs: T=10/R=30%
Key Objective: Theme 2

2) Increase annual fundraising and enrollment to achieve sustainable size

A) Total Cash Received: T=$5 Million/R=12%

B) % of 5,000 Headcount Goal: T=5,000 Headcount/R=60.6%
Key Objective: Theme 3

3) Increase graduates with quality learning outcomes and career experiences

A) % of Graduates with Univ. sponsored high impact internships/career experiences: T=100%/R=28.7%

B) % of Graduates with Outstanding Communications Skills: T=85%
Key Objective: Theme 4

4) Build a strong culture of shared values

A) % of Students Who Would Recommend their program: T=100%

B) % of engaged employees: T=100% / R=36%
## Plan Priorities: UNT System Strategic Goals

<table>
<thead>
<tr>
<th>UNTS THEME</th>
<th>KEY OBJECTIVES</th>
<th>MEASURES / 5 YR TARGETS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEARNING &amp; DISCOVERY:</strong></td>
<td>1. Ensure quality academic program offerings</td>
<td>% of Academic Programs with Endorsed Priorities and Goals</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total No. of Degrees Awarded</td>
<td>10,192</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>84%</td>
</tr>
<tr>
<td><strong>SUSTAINABLE GROWTH, FINANCE &amp; RESOURCES:</strong></td>
<td>2. Increase mission-specific investment</td>
<td>% of Budget Invested in Primary Mission Service</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of Statewide Average Private Contributions Per FTSE</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>90%</td>
</tr>
<tr>
<td><strong>QUALITY EXPERIENCES FOR LIFETIME SUCCESS:</strong></td>
<td>3. Increase student engagement and satisfaction</td>
<td>% of Students Who Would Recommend Their Program</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of Graduates with Institutionally Approved High Impact Career Experience</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>32%</td>
</tr>
<tr>
<td><strong>PEOPLE &amp; TEAMWORK:</strong></td>
<td>4. Increase service quality and satisfaction</td>
<td>% Satisfaction of Internal/External Customers</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of engaged employees</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0%</td>
</tr>
</tbody>
</table>

Last Edited - 11.11.16
## UNT System Administration Strategic Plan At-a-Glance

### LEARNING & DISCOVERY:
- **1.** UNTS: Guide and support high performance standards and goals for every academic, research, and clinical programs (UNT System) (08/31/21)
  - Targets: Certification goals for all programs

### SUSTAINABLE GROWTH, FINANCE & RESOURCES:
- **4.** UNTS: Provide comprehensive support and guidance to core systems services that are efficient, timely, cost-effective, and responsive (UNT System) (08/31/21)
  - Targets: # of weeks of operating cash reserves

### PEOPLE & TEAMWORK:
- **6.** UNTS: Develop alumni engagement through student memberships, alumni surveys, and alumni education opportunities (UNT System) (08/31/21)
  - Targets: Yearly percentage increase in alumni engagement

### SUCCESS FOR LIFETIME SUCCESS:
- **5.** UNTS: Ensure the design of learning, student support, and leadership, and team-based activities in all academic programs and a comprehensive student record of experience beyond the transcript (UNT System) (08/31/21)
  - Targets: Graduates with cancer-related experience

### QUALITY EXPERIENCES FOR LIFETIME SUCCESS:
- **7.** UNTS: Develop alumni engagement through student memberships, alumni surveys, and alumni education opportunities (UNT System) (08/31/21)
  - Targets: 100%
## Plan Priorities: UNT Strategic Goals

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>LEARNING &amp; DISCOVERY:</strong></td>
<td>1. Increase total research expenditures and elevate national prominence</td>
<td>Increase restricted research expenditures $31.5M</td>
<td>52%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase # of programs ranked nationally in top 100 70</td>
<td>89%</td>
</tr>
<tr>
<td><strong>SUSTAINABLE GROWTH, FINANCE &amp; RESOURCES:</strong></td>
<td>2. Increase revenues and value</td>
<td>Increase cash donations received $23.3M</td>
<td>55% 16.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase # of graduate students 8,042</td>
<td>83% 13%</td>
</tr>
<tr>
<td><strong>QUALITY EXPERIENCES FOR LIFETIME SUCCESS:</strong></td>
<td>3. Prepare all graduates to be competitive in the marketplace</td>
<td>Increase # of degrees awarded 9,051</td>
<td>93% 1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase % of UG graduating students receiving significant career development through university programs 50%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>PEOPLE &amp; TEAMWORK:</strong></td>
<td>4. Create a data driven culture that focuses on continuous improvement</td>
<td>Increase % of engaged employees 100%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increase % of faculty and staff who have participated in culture change training 50%</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Baseline FY16 Current Year (FY17) Progress*
### UNT Institutional Strategic Plan At A Glance

#### UNT Key Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Stakeholder</th>
<th>Timeframe</th>
<th>Performance Indicator</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish off-campus instructional facilities - Finley Graves (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td># of off-campus instructional facilities</td>
<td>Lea 90%</td>
</tr>
<tr>
<td>2. Strengthen faculty in key established and emerging areas - Tom McCoy (08/31/21)</td>
<td>Shannon Goodman</td>
<td>Sep-Aug</td>
<td># of new PhDs recruited annually</td>
<td>Lea 112%</td>
</tr>
<tr>
<td>3. Increase number of National Merit Scholars - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>Average UNT grant spending compared to averages in similar discipline study</td>
<td>Lea 85%</td>
</tr>
<tr>
<td>4. Improve 6-year graduation rate (UNT Only; cohort based) - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students participating in professional development and internship opportunities</td>
<td>Lea 17%</td>
</tr>
<tr>
<td>5. Recruit, retain, develop and support great faculty - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students graduating with degrees in science, engineering, and mathematics</td>
<td>Lea 30%</td>
</tr>
<tr>
<td>6. Increase philanthropic support - David Wolf (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>Number of new SRAs executed annually</td>
<td>Lea 115%</td>
</tr>
<tr>
<td>7. Improve and expand campus physical infrastructure - Bob Brown (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td># of new SRAs executed annually</td>
<td>Lea 109%</td>
</tr>
<tr>
<td>8. Strengthen faculty in key established and emerging areas - Tom McCoy (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of staff participation</td>
<td>Lea 90%</td>
</tr>
<tr>
<td>9. Increase participation of staff mid-level managers receiving training for upper-level responsibility - Bob Brown (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of staff mid-level manager participation</td>
<td>Lea 120%</td>
</tr>
<tr>
<td>10. Increase the number of National Merit Scholars - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students graduating with degrees in science, engineering, and mathematics</td>
<td>Lea 100%</td>
</tr>
</tbody>
</table>

#### UNT Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Stakeholder</th>
<th>Timeframe</th>
<th>Performance Indicator</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish off-campus instructional facilities - Finley Graves (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td># of off-campus instructional facilities</td>
<td>Lea 62%</td>
</tr>
<tr>
<td>2. Strengthen faculty in key established and emerging areas - Tom McCoy (08/31/21)</td>
<td>Shannon Goodman</td>
<td>Sep-Aug</td>
<td># of new PhDs recruited annually</td>
<td>Lea 82%</td>
</tr>
<tr>
<td>3. Increase number of National Merit Scholars - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>Average UNT grant spending compared to averages in similar discipline study</td>
<td>Lea 92%</td>
</tr>
<tr>
<td>4. Improve 6-year graduation rate (UNT Only; cohort based) - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students participating in professional development and internship opportunities</td>
<td>Lea 17%</td>
</tr>
<tr>
<td>5. Recruit, retain, develop and support great faculty - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students graduating with degrees in science, engineering, and mathematics</td>
<td>Lea 30%</td>
</tr>
<tr>
<td>6. Increase philanthropic support - David Wolf (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>Number of new SRAs executed annually</td>
<td>Lea 115%</td>
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<tr>
<td>7. Improve 6-year graduation rate (UNT Only; cohort based) - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
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<td>Lea 17%</td>
</tr>
<tr>
<td>8. Strengthen faculty in key established and emerging areas - Tom McCoy (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of staff participation</td>
<td>Lea 90%</td>
</tr>
<tr>
<td>9. Increase participation of staff mid-level managers receiving training for upper-level responsibility - Bob Brown (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of staff mid-level manager participation</td>
<td>Lea 120%</td>
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<tr>
<td>10. Increase the number of National Merit Scholars - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students graduating with degrees in science, engineering, and mathematics</td>
<td>Lea 100%</td>
</tr>
</tbody>
</table>

### UNT Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Target</th>
<th>Performance Indicator</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish off-campus instructional facilities - Finley Graves (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td># of off-campus instructional facilities</td>
</tr>
<tr>
<td>2. Strengthen faculty in key established and emerging areas - Tom McCoy (08/31/21)</td>
<td>Shannon Goodman</td>
<td>Sep-Aug</td>
<td># of new PhDs recruited annually</td>
</tr>
<tr>
<td>3. Increase number of National Merit Scholars - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>Average UNT grant spending compared to averages in similar discipline study</td>
</tr>
<tr>
<td>4. Improve 6-year graduation rate (UNT Only; cohort based) - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students participating in professional development and internship opportunities</td>
</tr>
<tr>
<td>5. Recruit, retain, develop and support great faculty - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students graduating with degrees in science, engineering, and mathematics</td>
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<tr>
<td>6. Increase philanthropic support - David Wolf (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>Number of new SRAs executed annually</td>
</tr>
<tr>
<td>7. Improve 6-year graduation rate (UNT Only; cohort based) - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students participating in professional development and internship opportunities</td>
</tr>
<tr>
<td>8. Strengthen faculty in key established and emerging areas - Tom McCoy (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of staff participation</td>
</tr>
<tr>
<td>9. Increase participation of staff mid-level managers receiving training for upper-level responsibility - Bob Brown (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of staff mid-level manager participation</td>
</tr>
<tr>
<td>10. Increase the number of National Merit Scholars - Shannon Goodman (08/31/21)</td>
<td>Bob Brown</td>
<td>Sep-Aug</td>
<td>% of students graduating with degrees in science, engineering, and mathematics</td>
</tr>
</tbody>
</table>

### UNT System Alignment
### Plan Priorities: UNT Health Science Center Strategic Goals

<table>
<thead>
<tr>
<th>UNTS THEME</th>
<th>KEY OBJECTIVES</th>
<th>MEASURES / 5 YR TARGETS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEARNING &amp; DISCOVERY:</td>
<td>1. Transform to a high performing center</td>
<td>% of schools and institutes meeting high performance criteria 100%</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Research award dollars increased $ 55,000,000</td>
<td>78% 8%</td>
</tr>
<tr>
<td>SUSTAINABLE GROWTH, FINANCE &amp; RESOURCES:</td>
<td>2. Strengthen HSC long-term viability</td>
<td>Total donor funds received $50,000,000</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td></td>
<td># of total GME slots 550</td>
<td>65% 6% 5%</td>
</tr>
<tr>
<td>QUALITY EXPERIENCES FOR LIFETIME SUCCESS:</td>
<td>3. Create student outcomes and experiences that deliver values and extraordinary service to others</td>
<td>% of programs with &gt;90% satisfaction with quality of teaching 100%</td>
<td>45% -9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of programs with &gt;90% satisfaction with quality of education 100%</td>
<td>36% -9%</td>
</tr>
<tr>
<td>PEOPLE &amp; TEAMWORK:</td>
<td>4. Build culture based on values</td>
<td>Net Promoter score for all customers &gt;90%</td>
<td>21% 21%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of New Hires hired for Values and Competencies 100%</td>
<td></td>
</tr>
</tbody>
</table>

Content Last Updated: 10.28.16
### UNTS Theme: Learning & Discovery

<table>
<thead>
<tr>
<th>Key Objectives</th>
<th>Initiatives</th>
<th>Measures</th>
<th>Baseline</th>
<th>2 Year (2017)</th>
<th>3 Year (2018)</th>
<th>5 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Restructure to high-performing health science center</td>
<td>1.1 Restructure to high-performing schools and institutes (Claire Peel) (08/31/20)</td>
<td>M: Number of schools and institutes recognized as a high-performing school or institute</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>1.2 Expand educational, clinical and research programs with external partners (Claire Peel) (08/31/20)</td>
<td>M: # of new signed partnership agreements</td>
<td>0</td>
<td>4</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>1.3 Develop high-performing Patient Safety Institute (Michael Hicks (08/31/20))</td>
<td>M: # of clinical academic programs for which core curriculum is implemented</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

### UNTS Theme: Sustainable Growth, Finance & Resources

<table>
<thead>
<tr>
<th>Key Objectives</th>
<th>Initiatives</th>
<th>Measures</th>
<th>Baseline</th>
<th>2 Year (2017)</th>
<th>3 Year (2018)</th>
<th>5 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Strengthen HSC long-term viability</td>
<td>2.1 Develop successful financially-sustainable practice plan that aligns with the mission of HSC (Michael Hicks) (08/31/20)</td>
<td>M: % of clinics that are financially sustainable</td>
<td>25%</td>
<td>85%</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>2.2 Increase number of GME slots by adding new GME programs (Claire Peel) (08/31/20)</td>
<td>M: # of total GME slots</td>
<td>380</td>
<td>420</td>
<td>47</td>
<td>550</td>
</tr>
<tr>
<td></td>
<td>2.3 Create a culture of continuous improvement (Steve Sosland) (08/31/20)</td>
<td>M: # of process improvement projects completed</td>
<td>0</td>
<td>5</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>2.4 Improve net financial position (Kraig Anderson) (08/31/20)</td>
<td>M: # of weeks of operating cash reserves</td>
<td>19.1</td>
<td>16.5</td>
<td>17</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>2.5 Increase philanthropy (Doug White) (08/31/20)</td>
<td>M: Total donor funds received 2016-2020</td>
<td>$5,428,423</td>
<td>$12,100,000</td>
<td>$50,000,000</td>
<td></td>
</tr>
</tbody>
</table>

### UNTS Theme: Quality Experiences for Lifetime Success

<table>
<thead>
<tr>
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<th>Measures</th>
<th>Baseline</th>
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<th>3 Year (2018)</th>
<th>5 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Create student outcomes and experiences that deliver value and extraordinary service to others</td>
<td>3.1 Enhance student services for cancer survivors (based on UNTSCH Student Satisfaction Survey) (Claire Peel) (08/31/20)</td>
<td>M: Percent of graduating students during academic year who receive cancer services</td>
<td>40.5%</td>
<td>60%</td>
<td>60%</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>3.2 Improve quality of teaching (based on UNTSCH Student Satisfaction Survey) (Claire Peel) (08/31/20)</td>
<td>M: Number of programs with &gt;90% student satisfaction with quality of teaching</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>3.3 Improve quality of education (based on UNTSCH Student Satisfaction Survey) (Claire Peel) (08/31/20)</td>
<td>M: Number of programs with &gt;90% student satisfaction with quality of education</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
</tbody>
</table>

### UNTS Theme: People & Teamwork

<table>
<thead>
<tr>
<th>Key Objectives</th>
<th>Initiatives</th>
<th>Measures</th>
<th>Baseline</th>
<th>2 Year (2017)</th>
<th>3 Year (2018)</th>
<th>5 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Build culture based on values</td>
<td>4.1 Create a nationally recognized best places to work environment (Steve Sosland) (08/31/20)</td>
<td>M: # of Best Place to Work campus initiatives</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>4.2 Create Leadership Institute (Steve Sosland) (08/31/20)</td>
<td>M: # of external clients</td>
<td>0</td>
<td>3</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>4.3 Create a customer service culture (Steve Sosland) (08/31/20)</td>
<td>M: Customer satisfaction with quality of service</td>
<td>0</td>
<td>100%</td>
<td>100%</td>
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</tr>
</tbody>
</table>

**Explanation of Changes:**
- Added 2 Year (2017) column
- 1.1 increased 2018 goal
- 1.2 Updated 2016 results and increased 2018 goal
- 1.3 Increased 2018 goal
- 1.4 Increased 2018 goal
- 1.5 Updated 2016 results
- 1.6 Increased 2018 goal
- 2.2 Updated 2016 results and increased 2018 goal
- 2.3 Increased 2018 goal
- 2.4 Increased 2018 goal
- 2.5 Updated 2016 results
- 4.2 Increased 2018 goal
# Plan Priorities: UNT Dallas Strategic Goals

<table>
<thead>
<tr>
<th>UNTS THEME</th>
<th>KEY OBJECTIVES</th>
<th>MEASURES / 5 YR TARGETS</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEARNING &amp; DISCOVERY:</td>
<td>1. Establish academic programs of excellence that address regional and student needs</td>
<td>No. of Programs of Excellence compared to national peers</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Priority Programs Aligned to Workforce Needs</td>
<td>10</td>
</tr>
<tr>
<td>SUSTAINABLE GROWTH, FINANCE &amp; RESOURCES:</td>
<td>2. Increase annual fundraising and enrollment to achieve sustainable size</td>
<td>Total Cash Received</td>
<td>$5 Million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of Headcount Enrollment Goal</td>
<td>5,000</td>
</tr>
<tr>
<td>QUALITY EXPERIENCES FOR LIFETIME SUCCESS:</td>
<td>3. Increase graduates with quality learning outcomes and career experiences</td>
<td>% of Graduates with Univ.sponsored high impact internships/career experiences</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of Graduates with Outstanding Communications Skills</td>
<td>85%</td>
</tr>
<tr>
<td>PEOPLE &amp; TEAMWORK:</td>
<td>4. Build a strong culture of shared values</td>
<td>% of Students Who Would Recommend their program</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of engaged employees</td>
<td>100%</td>
</tr>
</tbody>
</table>
UNT Dallas Strategic Plan At-a-Glance

**Baseline**

**40%** Measures

- # of grants obtained
- # of priority programs identified

**10%**

- 1

**70%**

- 44

**85%**

- 40

**10%**

- 75

**0%**

- 0

**2026**

**2 Year**

**1 Year**

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MINUTES
BOARD OF REGENTS
Academic Affairs and Student Success Committee
August 18-19, 2016

Thursday, August 18, 2016

The Academic Affairs and Student Success Committee of the Board of Regents of the University of North Texas System convened on Thursday, August 27, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following members in attendance: Regents Al Silva, Milton Lee, A.K. Mago, and Gwyn Shea.

There being a quorum present the meeting was called to order by Committee Chairman Silva, at 10:56 am. The minutes of the May 19-20, 2016, Academic Affairs and Student Success Committee meeting were approved on a 4-0 vote following a motion by Regent Shea, seconded by Regent Lee.

Chair Silva informed the Committee that the briefing, New Deans, New Directions, would introduce them to new deans at UNT and the UNT Health Science Center. After brief introductions by Provost Finley Graves, UNT, and Provost Tom Yorio, UNTHSC, the following deans addressed the committee: John Richmond, College of Music, UNT, Dr. Kinshuk, College of Information, UNT, and Dennis Thombs, School of Public Health, UNTHSC.

Chair Silva noted that the Committee had received background material in a revised format, Quarterly Academic Measures Report. Vice Chancellor Rosemary Haggett explained the new format for the report.

There being no further business, the Committee meeting recessed at 11:20 am until the following day.

Friday, August 19, 2016

The Academic Affairs and Student Success Committee of the Board of Regents of the University of North Texas System reconvened on Friday, August 19, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following members in attendance: Regents Al Silva, Milton Lee, A.K. Mago, and Gwyn Shea.

There being a quorum present the meeting was called to order by Committee Chair Silva at 9:04 am.
Vice Chancellor and General Counsel Nancy Footer presented to the Committee for consideration the UNT System Administration policy related to the carrying of concealed handguns in the UNT System building.

11. UNTS Review of University of North Texas System Administration policy related to Carrying of Concealed Handguns in the UNT System Building

Pursuant to a motion by Regent A.K. Mago and seconded by Regent Milton Lee, the Committee approved the above item on a 4-0 vote.

There being no further business, the Committee meeting adjourned at 9:07 am.

Submitted By: Rosemary R. Haggett
Rosemary R. Haggett
Board Secretary

Date: Aug 24, 2016
UNT Annual Research Report

- Review of Cluster Hiring Program
- UNT Research Compared to other NRUF Institutions
- Current Research Funding Climate
- Strategies for Increasing Research Expenditures
Review of cluster Hiring Program Basic Data

- Number of hires made 2009-2013: 22
- Average starting nine month salary: $120K
- 11 of 22 transferred awards (average): $635K
- Total of awards transferred: $7.1M
- Total number of new awards received: $11.5M
Total Research Expenditures Compared to Texas Peers

(Numbers in millions; Data from the Texas Higher Education Coordinating Board)
Comparisons Among Texas NRUF Universities

Comparing the six NRUF that have not achieved full NRUF status:

- Similar numbers and percentages of T/TT faculty members: Range is 455 to 564. UNT has 559.

- Similar number and percentage of STEM faculty: Range is 35% to 47%. UNT has 43%.

- Restricted research expenditures: Range is $16 million (UNT) to $47 million (UTEP) with an average of $32 million.

- Research expenditures per STEM T/TT faculty member: Range is $66,000 (UNT) to $225,000 (UTEP).
Current Funding Climate Is Difficult

- In constant dollars federal funding for research is declining, having dropped 16% over the past six fiscal years.
- Meanwhile the number of faculty pursuing competitive federal funding for research has significantly increased.
- Until the early 90’s most programs had 30% or greater success rates. Today many programs have success rates as low as 3%.
Strategies for Enhancing the Research Enterprise

• In STEM disciplines recruit and retain impact hires.

• Create and grow Institutes of Research Excellence with focused approach to securing large multi-investigator, inter- and trans-disciplinary federal awards.

• Increase the quantity and quality of doctoral students (add 100 new for FY18). Increase of $125K in travel grants for graduate students.

• Mentoring, seed funding and mini-sabbatical for new faculty.

• Research experiences for undergrads including: Research Fellowships, Collab Lab, etc.

• Strategically work with other institutions and federal labs to pursue plus-ups to fund specific programs.

• Increase sponsored research agreements with the private sector.

• Increase funded partnerships between UNT, federal labs and the private sector, and in doing so increase TRIP funding.
Recruit Impact Hires Over Next Five Years and Beyond

- Impact Hires are relatively early career hires predominantly in STEM disciplines who have grants they can move to UNT.

- To significantly move the needle on research expenditures need to hire 10 to 20 of these per year.

- This will require a significant investment in salaries, start-up costs and space.

- Per hire/ on average:
  - Salary: $125,000
  - Start-up costs: $500,000
  - Research Space: 800 sf
Also, we MUST retain Productive Faculty

- During 2015 and 2016, UNT had eight key faculty members receive lucrative offers from other universities or federal agencies.

- We retained three; however, we were unsuccessful in retaining five of them.

- The aggregate annual research expenditures for the five faculty that we could not retain was approximately $4.8 million per year.

- If we had lost the other three, this would have been an additional loss of $2.2 million per year.
Institutes of Research Excellence FY16 Successes

• Advanced Environmental Research Institute (AERI)
  • Total amount of new grants funded = $14.6 million

• Advanced Materials and Manufacturing Processes Institute (AMMPl)
  • Total amount of new grants funded = $9.1 million

• BioDiscovery Institute (BDI)
  • Total amount of new grants funded = $15.8 million

• Jim McNatt Logistics Research Institute
  • Total amount of new grants funded = $1.1 million
• Plus-up approach has resulted in two new awards to AMMPl for a total of $6.45 million from the Department of Defense.

• UNT Partnership with AFRL and Lockheed Martin resulted in $2.4 million UNT project for laser removal of paint from aircraft.

• Legislative Requests for FY18/FY19 two LAR requests totaling $8 million each year.

• Increased Emphasis on TRIP resulted in receiving $2.3 million this year after two straight years of zero TRIP funding.
Title: Approval of New UNT Bachelor of Arts Degree Program with a Major in Japanese

Background:

UNT currently offers an undergraduate minor in Japanese. Enrollment in Japanese courses has increased 125% since 2005-06, with steady increases each year. There are currently 290 students enrolled in Japanese courses, with 80 students enrolled in the minor. In a survey recently conducted by the faculty who teach Japanese, a majority of these students have expressed interest in a Japanese major.

Students would use this major to work in Japan or a Japanese-related field or company (Sony, Honda, Nissan, Suzuki, Kawasaki and Yamaha); to participate internationally in the JET (Japan Exchange and Teaching) Program, to work at English conversation schools in Japan (AEON, ECC or Nova), to work at agencies for English as a Second Language (Interac and Central), or to work for other employers in our area (Japanese restaurants, NEC, Fujitsu, Marubeni, Ito-Chu, Sanden, Seven-Eleven Japan, Komatsu, Daiso) also hiring employees who speak Japanese.

The existing Japanese minor has three FTE individual faculty members (two lecturers with MA degrees and one Assistant Professor with a PhD). To expand the minor to a degree program major, a third faculty member will be hired.

The proposed Bachelor of Arts degree program with a major in Japanese will require a minimum of 120 hours. Of these 120 hours, a minimum of 39 hours will be required in the major and a minimum of 42 advanced hours for the degree. Thirty of the 120 hours, including 24 advanced hours, will be required to be earned at UNT.

Financial Analysis/History:

The costs and funding needed for the Bachelor of Arts in Japanese meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board rules, Section 5.45, Criteria for new Baccalaureate and master's Degree Programs.

Total costs for the first five years include salary for one additional faculty member at $60,000 per year for years 3 through 5, totaling $180,000; travel and start-up support for this faculty member projected at a five-year total of $5,000.

Costs for the first five years are expected to total $185,000, which will be covered through the existing College of Arts and Sciences budget.
Legal Review:
This item has been reviewed by General Counsel.

Schedule:  Fall 2017

Recommendation:
The President recommends that the Board approve the Bachelor of Arts degree program with a major in Japanese.

Recommended By:
O. Finley Graves
Provost and VPAA

Neal Smatresk
President

Rosemary R. Haggett
Vice Chancellor

Lee Jackson
Chancellor

Attachments Filed Electronically:
- THECB Certification Form for New Degree Programs
Title: Approval of New UNT Bachelor of Arts Degree Program with a Major in Japanese

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent , the Board approved the motion presented below:

Whereas, UNT is uniquely positioned to offer an exceptional baccalaureate program in Japanese, and

Whereas, UNT will be able to produce graduates with the breadth and depth of talent needed for future success in their chosen field, and

Whereas, costs and funding needed for the Bachelor of Arts in Japanese meets the Standards for Bachelor’s and Master’s Degree Programs established by the Coordinating Board rules, Section 5.45, Criteria for New Baccalaureate and Master’s Degree Program, and

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

1. The authorization of a new Bachelor of Arts degree program with a major in Japanese within the Department of World Languages, Literatures and Cultures at UNT.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By: Approved By:

______________________________
Rosemary R. Haggett, Secretary
Board of Regents

______________________________
Brint Ryan, Chairman
Board of Regents
Certification Form for New Bachelor’s and Master’s Programs
Texas Higher Education Coordinating Board

Directions: An institution shall use this form to request a new bachelor’s or master’s degree program that meets all criteria for approval in Coordinating Board Rules, Chapter 5, Subchapter C, Section 5.44:
(a) The program has institutional and governing board approval; (b) the program complies with the Standards for Bachelor’s and Master’s Programs; (c) adequate funds are available to cover the costs of the new program; (d) new costs during the first five years of the program will not exceed $2 million; (e) the program is a non-engineering program (i.e., not classified under CIP code 14); and (f) the program will be offered by a university or health-related institution.

If a new bachelor’s or master’s program does not meet the criteria above, an institution must submit a request using the Form for Requesting a New Bachelor’s and Master’s Degree Program.

Information: Contact the Division of Academic Quality and Workforce at 512/427-6200 for more information.

Administrative Information

1. **Institution:** University of North Texas
2. **Program Name:** Bachelor of Arts degree program with a major in Japanese
3. **Proposed CIP Code:** 16.0302.00
4. **Number of Required Semester Credit Hours (SCHs)**: 120
5. **Administrative Unit:** Department of World Languages, Literatures & Cultures
6. **Delivery Mode:** Face-to-face
7. **Implementation Date:** Fall 2017
8. **Contact Person:**
   Name: Dr. Marijn S. Kaplan
   Title: Chair, Department of World Languages, Literatures & Cultures
   E-mail: Marijn.kaplan@unt.edu
   Phone: 940-565-2404

---

1 Bachelor’s degrees should not exceed 120 SCH per Board rule 5.44 (a) (3). Those that exceed 120 SCH must provide detailed documentation describing the compelling academic reason for the number of required hours, such as programmatic accreditation requirements, statutory requirements, or licensure/certification requirements that cannot be met without exceeding the 120-hour limit.
Signature Page

I hereby certify that all of the following criteria have been met in accordance with the procedures outlined in Coordinating Board Rules, Chapter 5, Subchapter C, Section 5.44:

(a) The program has institutional and governing board approval.

(b) The program complies with the *Standard’s for New Bachelor’s and Master’s Programs*.

(c) Adequate funds are available to cover the costs of the new program.

(d) New costs during the first five years of the program will not exceed $2 million.

(e) The program is a non-engineering program (i.e., not classified under CIP code 14).

(f) The program will be offered by a university or health-related institution.

I hereby certify that my institution has notified all public institutions within 50 miles of the teaching site of our intention to offer the program at least 30 days prior to submitting this request. I also certify that if any objections were received, those objections were resolved prior to the submission of this request.

__________________________

Chief Executive Officer

__________________________

Date

I hereby certify that the Board of Regents has approved this program.

Date of Board of Regents approval: ________________________

__________________________

Board of Regents (or Designee)

__________________________

Date
Title: Approval to Add a TWU and UNT Joint Master of Social Work Degree Program

Background:

The University of North Texas is requesting to add a Joint Master of Social Work degree program in conjunction with Texas Woman's University, effective August 2017. The areas of specialization will be healthcare and child and family services, including child welfare.

The joint program will be an equal collaboration between the two institutions and both will share a common program and curriculum. Both institutions will include all of the courses in their course inventory. Both institutions will jointly administer the credits necessary to complete the degree. Students will apply directly to the joint MSW program. Students must meet the UNT admissions criteria in order to be admitted to the program. Program faculty will review applications and assign students randomly to either UNT or TWU. Students will receive a letter admitting them to the MSW program for the assigned institution and directing them to ApplyTexas for their assigned school. The ApplyTexas fee will be waived for both institutions.

The Council of Social Work Education (CSWE) is the national accrediting body for both BSW and MSW programs. UNT and TWU BSW programs are accredited by CSWE. After all the necessary approvals, the Joint MSW program will apply for "Candidacy" status through CSWE in Spring of 2017. CSWE identifies nine broad competencies and describes the knowledge, values, skills, and cognitive and affective processes that comprise the competency. The joint MSW program will assess student attainment of these competencies in an agreed upon manner in compliance with CSWE regulations.

Both UNT and TWU will annually review all curriculum and syllabi for courses to be delivered. In reviewing course curriculum and syllabi, both UNT and TWU will consider compliance with UNT and TWU student achievement standards, the quality of the course and how it relates to the overall program, the institutional benefit, and compliance with standards for accreditation by relevant institutional bodies.

The Master’s degree in Social Work (MSW) is the most recognizable and marketable degree in the social sciences. In a THECB report Healthcare Social Work was rated as one of the fastest growing Master’s degree occupations, with a 35% increase in demand through 2020. Similarly, the U.S. Department of Labor anticipated that the demand for Healthcare Social Workers will increase 27%, which is considered faster than average.

Both UNT and TWU already offer a Bachelor of Social Work degree program. This creates a natural feed into the Joint MSW program. Currently the closest MSW program offered is through UT Arlington. Students from both UNT and TWU have expressed a strong interest in the Joint MSW. In a 2015 survey, over 80% of graduating BSW students indicated they would attend the joint program to complete their MSW.
This program requires 60 credit hours for foundation students (students who have not completed a BSW). Students who have earned a BSW will be admitted beginning in 2018 as advanced students and will complete 30 credit hours. During the first year the program is allowed to enroll a maximum of 36 foundation students. A maximum of 60 students are allowed to enroll in year two, and a maximum total of 72 students in year three. CSWE Standard M3.2.4 requires a minimum of 6 fulltime faculty members dedicated to the MSW program. UNT will hire two faculty in year one and one in year two. TWU will hire one in year one, one in year two and one in year three for a total of six faculty. Both institutions are accredited by SACSCOC and have agreed to follow the SACSCOC guidelines for hiring credentialed faculty.

**Financial Analysis/History:**

The costs and funding needed for the joint MSW meets the Standards for Bachelor’s and Master’s Degree Programs established by the Coordinating Board rules, Section 5.45, Criteria for new Baccalaureate and Master’s Degree Programs.

UNT and TWU are each contributing 50% of the needed funds to begin this program. UNT’s total funding over five years is $1,643,955. The funding total includes salaries for three faculty members (two new hires in year one and a third hired in year two) and funds for maintenance and operations.

UNT’s total anticipated revenue over five years is $2,122,640. The program will utilize new tuition dollars to offset delays in formula funding for the first year. By year three UNT will recognize a positive revenue source.

The program enrollment will be capped at 72 students to stay within the CSWE accreditation Standard 3.2.3 for the faculty to student (1:12) ratio.

**Legal Review:**

This item has been reviewed by General Counsel.

**Schedule:** Fall 2017
**Recommendation:**

The President recommends that the Board of Regents approve adding the joint Master of Social Work degree to the UNT degree program inventory.

**Recommended By:**

<table>
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<tr>
<th>Name</th>
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<tr>
<td>O. Finley Graves</td>
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<tr>
<td>Neal Smatresk</td>
<td>President</td>
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<tr>
<td>Rosemary R. Haggett</td>
<td>Vice Chancellor</td>
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<tr>
<td>Lee Jackson</td>
<td>Chancellor</td>
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**Attachments Filed Electronically:**

- THECB Certification Form for New Degree Programs
Title: Approval to Add a TWU and UNT Joint Master of Social Work Degree Program

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, the proposed joint Master of Social Work Degree program with specializations in healthcare and child and family services, including child welfare meets the Standards for Bachelor’s and Master’ Degree Programs established by the Coordinating Board rules, Section 5.45, and

Whereas, there are growing employment opportunities and an existing market for graduates with these skills, and

Whereas, UNT is uniquely positioned to offer this program with TWU,

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

1. The authorization of a new joint Master of Social Work degree program offered in conjunction with Texas Woman’s University.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By: Approved By:

_____________________________ _______________________________
Rosemary R. Haggett, Secretary Brint Ryan, Chairman
Board of Regents Board of Regents
Certification Form for New Bachelor’s and Master’s Programs  
Texas Higher Education Coordinating Board

Directions: An institution shall use this form to request a new bachelor’s or master’s degree program that meets all criteria for approval in Coordinating Board Rules, Chapter 5, Subchapter C, Section 5.44: (a) The program has institutional and governing board approval; (b) the program complies with the Standards for Bachelor’s and Master’s Programs; (c) adequate funds are available to cover the costs of the new program; (d) new costs during the first five years of the program will not exceed $2 million; (e) the program is a non-engineering program (i.e., not classified under CIP code 14); and (f) the program will be offered by a university or health-related institution.

If a new bachelor’s or master’s program does not meet the criteria above, an institution must submit a request using the Form for Requesting a New Bachelor’s and Master’s Degree Program.

Information: Contact the Division of Academic Quality and Workforce at 512/427-6200 for more information.

### Administrative Information

1. **Institution**: University of North Texas
2. **Program Name**: Joint Master of Social Work with Texas Woman’s University
3. **Proposed CIP Code**: 44.0701.00
4. **Number of Required Semester Credit Hours (SCHs)**: 60
5. **Administrative Unit**: Department of Community and Professional Programs
6. **Delivery Mode**: Face-to-face
7. **Implementation Date**: Fall 2017
8. **Contact Person**:
   - Name: Dr. Terri Day
   - Title: Special Assistant to the Provost
   - E-mail: Terri.Day@unt.edu
   - Phone: 940-565-4392

---

1 Bachelor’s degrees should not exceed 120 SCH per Board rule 5.44 (a) (3). Those that exceed 120 SCH must provide detailed documentation describing the compelling academic reason for the number of required hours, such as programmatic accreditation requirements, statutory requirements, or licensure/certification requirements that cannot be met without exceeding the 120-hour limit.
Signature Page

I hereby certify that all of the following criteria have been met in accordance with the procedures outlined in Coordinating Board Rules, Chapter 5, Subchapter C, Section 5.44:

(a) The program has institutional and governing board approval.

(b) The program complies with the *Standard’s for New Bachelor’s and Master’s Programs*.

(c) Adequate funds are available to cover the costs of the new program.

(d) New costs during the first five years of the program will not exceed $2 million.

(e) The program is a non-engineering program (i.e., not classified under CIP code 14).

(f) The program will be offered by a university or health-related institution.

I hereby certify that my institution has notified all public institutions within 50 miles of the teaching site of our intention to offer the program at least 30 days prior to submitting this request. I also certify that if any objections were received, those objections were resolved prior to the submission of this request.

________________________________________________________________

Chief Executive Officer Date

__________________________________________________________________

Board of Regents (or Designee) Date

I hereby certify that the Board of Regents has approved this program.

Date of Board of Regents approval: __________________________

__________________________________________________________________

Board of Regents (or Designee) Date

Updated 2.23.15
Title: Approval of New UNT Master of Arts Degree Program with a Major in Women’s and Gender Studies

Background:
UNT currently offers an interdisciplinary undergraduate minor in Women's and Gender Studies. UNT is requesting to add a Master of Arts degree program with a major in Women's and Gender Studies, effective August 2017. The new master’s degree program will be housed in Interdisciplinary Studies.

Most students in the UNT Women’s and Gender Studies minor focus on careers in the non-profit sector here and abroad. Growth in this job sector has increased demand for these graduates, especially in non-governmental organizations both locally and globally. Students in this minor complete internships with organizations in the Dallas area. Graduates with a minor in Women's and Gender Studies are often employed by social service organizations throughout the region.

Interdisciplinary Studies currently has enough existing graduate courses to offer a stand-alone degree program. The curriculum of this stand-alone degree program will provide additional depth of knowledge and allow students expanded flexibility on the world market. Having a degree in Women’s and Gender Studies will enhance employment opportunities for these students. The proposed master's degree will have a global focus, attracting foreign students as well as local and out-of-state students who want to develop the globally-oriented expertise to enable them to work in a multitude of organizations.

Thirty credit hours are required for this master’s degree. The proposed Master of Arts in Women’s and Gender Studies will have two major tracks: Global Perspectives and Socio-Cultural Perspectives. Students will meet with their advisor during the first semester in the program to establish their degree plan. This will enable students to declare which area they will pursue to meet their career goals. All students will be required to take WGST 5200 Gender & Globalization, WGST 5100 Feminist Theory, and WGST 5400 Gender & Human Trafficking at the end of their program (9 hours).

Financial Analysis/History:
Adding the Master of Arts with a major in Women’s and Gender Studies is primarily cost-neutral. The existing Women’s and Gender Studies courses housed in the Interdisciplinary Studies master’s degree program has enough existing courses on gender to offer a stand-alone degree in this major. No additional faculty will be required and the courses already exist and are regularly offered across the university.
Legal Review:

This item has been reviewed by General Counsel.

Schedule: Fall 2016

Recommendation:

The President recommends that the Board of Regents approve adding the Master of Arts degree with a major in Women’s and Gender Studies to the UNT degree program inventory.

Recommended By:

O. Finley Graves
Provost and VPAA

Neal Smatresk
President

Rosemary R. Haggett
Vice Chancellor

Lee Jackson
Chancellor

Attachments Filed Electronically:

- THECB Certification Form for New Degree Programs
Title: Approval of New UNT Master of Arts Degree Program with a Major in Women’s and Gender Studies

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent _______ and seconded by Regent _______, the Board approved the motion presented below:

Whereas, the proposed Master’s degree in Women’s and Gender Studies has a global focus, attracting foreign students as well as local and out-of-state students who want to develop the globally-oriented expertise to enable them to work in a multitude of organizations, and

Whereas, there are growing employment opportunities in the non-profit sector that call for graduates with these skills and expertise, and

Whereas, the Master of Arts degree program in Women’s and Gender Studies will utilize existing courses, will not require any additional faculty and will require only minimal additional departmental resources,

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

1. The addition of the UNT Master of Arts Degree Program with a Major in Women’s and Gender Studies.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By: Approved By:
Rosemary R. Haggett, Secretary Brint Ryan, Chairman
Board of Regents Board of Regents
### Certification Form for New Bachelor’s and Master’s Programs

**Texas Higher Education Coordinating Board**

**Directions:** An institution shall use this form to request a new bachelor’s or master’s degree program that meets all criteria for approval in Coordinating Board Rules, Chapter 5, Subchapter C, Section 5.44:

- (a) The program has institutional and governing board approval;
- (b) the program complies with the *Standards for Bachelor’s and Master’s Programs*;
- (c) adequate funds are available to cover the costs of the new program;
- (d) new costs during the first five years of the program will not exceed $2 million;
- (e) the program is a non-engineering program (i.e., not classified under CIP code 14); and
- (f) the program will be offered by a university or health-related institution.

If a new bachelor’s or master’s program does not meet the criteria above, an institution must submit a request using the *Form for Requesting a New Bachelor’s and Master’s Degree Program*.

**Information:** Contact the Division of Academic Quality and Workforce at 512/427-6200 for more information.

### Administrative Information

1. **Institution:** University of North Texas

2. **Program Name:** Master of Arts degree program with a major in Women’s and Gender Studies

3. **Proposed CIP Code:** 05.0207.00.01

4. **Number of Required Semester Credit Hours (SCHs)**: 30

5. **Administrative Unit:** College of Arts and Sciences

6. **Delivery Mode:**

7. **Implementation Date:** Fall 2017

8. **Contact Person:**
   - Name: Dr. Jean Schaake
   - Title: Associate Dean for Academic Affairs
   - E-mail: Jean.Schaake@unt.edu
   - Phone: 940-565-2051

---

Bachelor’s degrees should not exceed 120 SCH per Board rule 5.44 (a) (3). Those that exceed 120 SCH must provide detailed documentation describing the compelling academic reason for the number of required hours, such as programmatic accreditation requirements, statutory requirements, or licensure/certification requirements that cannot be met without exceeding the 120-hour limit.
Signature Page
I hereby certify that all of the following criteria have been met in accordance with the procedures outlined in Coordinating Board Rules, Chapter 5, Subchapter C, Section 5.44:

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I hereby certify that my institution has notified all public institutions within 50 miles of the teaching site of our intention to offer the program at least 30 days prior to submitting this request. I also certify that if any objections were received, those objections were resolved prior to the submission of this request.

__________________________  __________________________
Chief Executive Officer                                               Date

I hereby certify that the Board of Regents has approved this program.

Date of Board of Regents approval:________________________

__________________________  __________________________
Board of Regents (or Designee)                                          Date
## Academic Quality Dashboard

<table>
<thead>
<tr>
<th></th>
<th>% FTIC in Top 10% of HS Class</th>
<th>% FTIC in Top 11-25% of HS Class</th>
<th>% FTE Teaching Faculty Who are Tenure/Tenure-Track</th>
<th>Student To Faculty FTE Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Year</strong> Fall 2015 - % of Peer Avg.</td>
<td>91.7%</td>
<td>107.9%</td>
<td>98.6%</td>
<td>123.0%</td>
</tr>
<tr>
<td><strong>UNT % Change in 1 Year</strong></td>
<td>↑7.1%</td>
<td>↑0.6%</td>
<td>↓11.3%</td>
<td>↑0.2%</td>
</tr>
<tr>
<td><strong>UNT % Change in 5 Years (or maximum # yrs available, if &lt;5 yrs)</strong></td>
<td>↑2.8%</td>
<td>↑1.2%</td>
<td>↓13.8%</td>
<td>↑0.3%</td>
</tr>
</tbody>
</table>

*Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.*
# Student Access & Success Dashboard

<table>
<thead>
<tr>
<th>Current Year Data Available - % of Peer Avg.</th>
<th>Total Headcount Enrollment</th>
<th>Total Full Time Student Equivalent</th>
<th>Average Undergraduate In-state Tuition &amp; Fees</th>
<th>1st to 2nd Year Undergraduate Retention Rate</th>
<th>Time-to-Degree, Bachelors (in years)</th>
<th>6-YR Graduation Rate</th>
<th>Total Undergraduate SCH</th>
<th>Total Graduate SCH</th>
<th>Total Degrees Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>113.2%</td>
<td>115.3%</td>
<td>105.6%</td>
<td>101.1%</td>
<td>99.7%</td>
<td>103.7%</td>
<td>120.6%</td>
<td>85.7%</td>
<td>110.3%</td>
<td></td>
</tr>
<tr>
<td>UNT % Change in 1 Year</td>
<td>∆ 2.8%</td>
<td>∆ 3.9%</td>
<td>∆ 6.8%</td>
<td>∆ 1.4%</td>
<td>∆ 1.9%</td>
<td>∆ 1.4%</td>
<td>∆ 3.8%</td>
<td>∆ 5.1%</td>
<td>∆ 0.7%</td>
</tr>
<tr>
<td>UNT % Change in 5 Years (or maximum # yrs available, if &lt;5 yrs)</td>
<td>∆ 3.1%</td>
<td>∆ 7.4%</td>
<td>∆ 31.4%</td>
<td>∆ 0.5%</td>
<td>∆ 5.6%</td>
<td>∆ 6.2%</td>
<td>∆ 10.0%</td>
<td>∆ 8.5%</td>
<td>∆ 2.3%</td>
</tr>
</tbody>
</table>

Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.
## Research Dashboard

<table>
<thead>
<tr>
<th></th>
<th>Total Research Expenditures</th>
<th>Federal Research Expenditures per FTE Faculty</th>
<th>Restricted Research</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Year</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall 2015 - % of Peer Avg.</td>
<td>31.8%</td>
<td>44.5%</td>
<td>39.0%</td>
</tr>
<tr>
<td><strong>UNT % Change in 1 Year</strong></td>
<td>↓0.7%</td>
<td>↑1.2%</td>
<td>↓8.1%</td>
</tr>
<tr>
<td><strong>UNT % Change in 5 Years (or maximum # yrs available, if &lt;5 yrs)</strong></td>
<td>↑18.1%</td>
<td>↑63.1%</td>
<td>↑21.1%</td>
</tr>
</tbody>
</table>

*Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.*
## Student Access & Success and Research Dashboard

<table>
<thead>
<tr>
<th>Current Year Data Available - % of Peer Avg.</th>
<th>Total Headcount Enrollment</th>
<th>Total Degrees Awarded</th>
<th>% Student Satisfaction with Medical Education</th>
<th>Doctoral Graduation Rate - % Ph.D. Received</th>
<th>Total Research Expenditures</th>
<th>Federal Research Expenditures per FTE Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68.2%</td>
<td>52.0%</td>
<td>97.0%</td>
<td>199.5%</td>
<td>52.2%</td>
<td>168.0%</td>
</tr>
<tr>
<td><strong>UNTHSC % Change in 1 Year</strong></td>
<td>↑ 6.1%</td>
<td>↓ 0.5%</td>
<td>↑ 6.2%</td>
<td>↑ 50.7%</td>
<td>↑ 0.1%</td>
<td>↓ 13.5%</td>
</tr>
<tr>
<td><strong>UNTHSC % Change in 5 Years (or maximum # yrs available, if &lt;5 yrs)</strong></td>
<td>50.7%</td>
<td>↑ 70.0%</td>
<td>↑ 4.9%</td>
<td>↑ 18.1%</td>
<td>↓ 1.6%</td>
<td>↓ 42.9%</td>
</tr>
</tbody>
</table>

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<th>Student To Faculty FTE Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>319.5%</td>
<td>193.5%</td>
<td>77.7%</td>
<td>113.6%</td>
</tr>
<tr>
<td>UNTD % Change in 1 Year</td>
<td>↑71.7%</td>
<td>↓8.3%</td>
<td>↓19.8%</td>
<td>↑11.1%</td>
</tr>
<tr>
<td>UNTD % Change in 5 Years (or maximum # yrs available, if &lt;5 yrs)</td>
<td>↓6.1%</td>
<td>↓7.6%</td>
<td>↓20.1%</td>
<td>↑33.3%</td>
</tr>
</tbody>
</table>

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### Student Access & Success Dashboard

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<table>
<thead>
<tr>
<th>Current Year Data Available - % of Peer Avg.</th>
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<th>Total Graduate SCH</th>
<th>Total Degrees Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNTD % Change in 1 Year</td>
<td>61.5%</td>
<td>68.7%</td>
<td>116.2%</td>
<td>108.4%</td>
<td>106.9%</td>
<td>77.6%</td>
<td>141.7%</td>
<td>49.2%</td>
</tr>
<tr>
<td>UNTD % Change in 5 Years (or maximum # yrs available, if &lt;5 yrs)</td>
<td>↓3.4%</td>
<td>↑27.5%</td>
<td>↑2.7%</td>
<td>↑29.6%</td>
<td>0%</td>
<td>↑7.9%</td>
<td>↑209.4%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>↑19.4%</td>
<td>↑74.7%</td>
<td>↑21.9%</td>
<td>↑20.1%</td>
<td>-</td>
<td>↑50.7%</td>
<td>↑261.9%</td>
<td>-</td>
</tr>
</tbody>
</table>

**Peer Avg. = 100%**
Thursday, August 18, 2016

The Audit Committee of the Board of Regents of the University of North Texas System convened on Thursday, August 18, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following members in attendance: Regents Don Potts, Rusty Reid, Glen Whitley, and Laura Wright.

There being a quorum present, the meeting was called to order by Committee Chairman Glen Whitley at 11:20 am. The minutes of the May 19 and July 6, 2016, Audit Committee meetings were approved on a 4-0 vote following a motion by Regent Potts and seconded by Regent Reid.

Chief Audit Executive, Tracy Grunig, delivered three briefings to the Committee: Quarterly Report of Audit Activities, FY16 Annual Recap of Internal Audit Activities, and UNT System Enterprise Audit Report Inventory.

UNT President Neal Smatresk and UNT Health Science Center President Michael Williams gave the Committee a brief Status Update of FY17 UNT System Compliance Risk Assessment Plans.

The final briefing for the Committee, Compliance Monitoring and Reporting: A Digital and Mobile Application, was given by Tompie Hall, Senior Executive Advisor, and Todd Hardy, Digital Program Manager, HCL BEYONDigital.

The Committee received one background report:

- UNTS Consolidated Quarterly Compliance Report March 2016 through May 2016

There being no further business, the Committee meeting recessed at 12:29 pm until the following day.

Friday, August 19, 2016

The Audit Committee of the Board of Regents of the University of North Texas System convened on Friday, August 19, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth,
Texas, with the following members in attendance: Regents Don Potts, Rusty Reid, Glen Whitley, and Laura Wright.

There being a quorum present, the meeting was called to order by Committee Chairman Glen Whitley at 9:29 am.

Ben Kohnle and Juliet Williams of Grant Thornton presented the External Audit of the UNT System FY15 Consolidated Annual Financial Statements for acceptance.

22. UNTS

Acceptance of the External Audit of UNT System FY15 Consolidated Annual Financial Statements

Pursuant to a motion by Regent Laura Wright and seconded by Regent Rusty Reid, the Committee approved the above item on a 4-0 vote.

Tracy Grunig, UNTS Chief Audit Executive, presented the FY 2017 UNT System Internal Audit Plan for approval.

23. UNTS

Fiscal Year 2017 UNT System Internal Audit Plan

Pursuant to a motion by Regent Rusty Reid and seconded by Regent Don Potts, the Committee approved the above item on a 4-0 vote.

There being no further business, the Committee meeting adjourned at 10:17 am.

Submitted By:

Rosemary R. Haggett
Rosemary R. Haggett
Board Secretary

Date: **Aug 24, 2016**
Quarterly Report of Audit Activities

Activities reflected within are as of September 30, 2016
Summary Statement

The information below is presented in more detail on the following slides:

- Highlights of Internal Audit Activity-1st Quarter 2017
- Audit and Management Advisory Services Reports Issued Matrix
- Performance Metrics-Customer Service Survey Responses
- Fiscal Year 2017 Allocation of Audit Hours per UNTS Component Institution
- Summary of Follow-up Activity
- Detail for Follow-up Activity
Highlights of Internal Audit Activity-1st Quarter 2017

• Submitted State Auditor’s Office Fiscal Year 2016 Annual Internal Audit Report
• Coordinating State Auditor’s Office Delegation of Authority requests for System-wide audit activity
• Hired Internal Audit Associate
• Audit fieldwork process revised to improve customer service by communicating audit scope and objectives to all audit contacts. Will allow all survey respondents to complete entire audit survey.
• Presented at two UNT Advanced Auditing classes (Fraud and Internal Audit); Presented at East Central Oklahoma University Auditing classes (Sarbanes-Oxley)
• CAE and IT Audit Senior Director serving on Huron Consulting Engagement-PeopleSoft 9.2 Grants Suite
• Senior Financial Auditor facilitating UNT Advanced Auditing student project
• Senior Investigator serving on UNT Student Conduct Committee
• Senior Information Technology Auditor Co-Facilitating DFW TeamMate User Group
<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Component Institution</th>
<th>Identified Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics Department - Business Process Operations Review</td>
<td>X</td>
<td>Compliance with Policy; Operational</td>
</tr>
<tr>
<td>IT Privacy and Data Protection</td>
<td>X X X</td>
<td>Data Security; Sensitive and Confidential Information</td>
</tr>
<tr>
<td>FY 2016 Chancellor's and President's Expenditure Reviews</td>
<td>X X X X</td>
<td>Compliance; Reputational; Financial; Operational</td>
</tr>
<tr>
<td>School of Public Health</td>
<td>X X</td>
<td>Financial; Operational</td>
</tr>
<tr>
<td>Selected Grants Review- National Science Foundation</td>
<td>X</td>
<td>Compliance</td>
</tr>
<tr>
<td>Toulouse Graduate School</td>
<td>X</td>
<td>Compliance with Policy; Operational</td>
</tr>
<tr>
<td>Joint Admission Medical Program Audit (JAMP)</td>
<td>X</td>
<td>Compliance; Reputational; Financial; Operational; Regulatory</td>
</tr>
<tr>
<td>FY 2015 Cancer Prevention and Research Institute of Texas Outsourced-BKD</td>
<td>X X</td>
<td>Compliance; Reputational; Financial; Operational; Regulatory</td>
</tr>
<tr>
<td>Benefits Proportionality</td>
<td>X X X</td>
<td>Reputational; Financial; Operational</td>
</tr>
<tr>
<td>International Travel Process Memo Management Advisory Services</td>
<td>X</td>
<td>Faculty and Staff Safety</td>
</tr>
<tr>
<td>(10) Investigations- (*5 formal reports, 5 case reports)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Residential Life Investigation</td>
<td>X</td>
<td>Personnel Issues</td>
</tr>
<tr>
<td>*Facilities Investigation</td>
<td>X</td>
<td>Personnel Issues</td>
</tr>
<tr>
<td>*Criminal Justice Investigation</td>
<td>X</td>
<td>Personnel Issues</td>
</tr>
<tr>
<td>*Astronomy Lease</td>
<td>X</td>
<td>Personnel Issues</td>
</tr>
<tr>
<td>*Information Technology Investigation</td>
<td>X</td>
<td>Personnel Issues</td>
</tr>
</tbody>
</table>
Performance Metrics - Customer Service Survey Results

20 Post Audit Surveys Sent (Surveys sent to audit sponsors and select other staff. Surveys will be sent to senior leadership periodically to ensure we are meeting customers service objectives):

- School of Public Health
- International Travel
- Grants Review
- IT Privacy and Data Protection
- IT Governance

9 returned surveys received. Among the total indicators provided on the returned surveys, IA received the following scores and comments:

- “Strongly Agreed”
  - Internal Audit staff sought to understand business processes, objectives, risk and controls
  - The status of the audit, as well as evolving issues, were clearly communicated throughout the audit
  - Internal Audit fostered a relationship of cooperation and were responsive to questions or concerns
  - Audit enhanced awareness of business risks and controls and added value to the department/organization

- Survey comments included:
  - “Knowledgeable about research administration issues, professional and courteous about minimizing interruptions”
  - “The audit team listened well and tried to understand the nature of our operation”

CAE called respondents to discuss survey responses indicating opportunities for improved customer service

Surveys will be sent in the future for investigations

Management concurred with 100% of identified risks
Fiscal Year 2017 Allocation of Audit Hours per UNTS Component Institution

<table>
<thead>
<tr>
<th></th>
<th>UNTS</th>
<th>UNT</th>
<th>UNTHSC</th>
<th>UNTD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated Audit Hours</td>
<td>2,475</td>
<td>2,793</td>
<td>3,191</td>
<td>2,041</td>
<td>10,500</td>
</tr>
<tr>
<td>Unallocated Audit Hours</td>
<td>1,225</td>
<td>3,650</td>
<td>3,650</td>
<td>2,475</td>
<td>11,000</td>
</tr>
<tr>
<td>Total Audit Hours Available</td>
<td>3,700</td>
<td>6,443</td>
<td>6,841</td>
<td>4,516</td>
<td>21,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Audit Projects In Process:</th>
<th>UNTS</th>
<th>UNT</th>
<th>UNTHSC</th>
<th>UNTD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Contributions Audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>UNT International Student Sponsorships Review</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>250</td>
</tr>
<tr>
<td>College of Visual Arts and Design Transitional Audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>350</td>
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<tr>
<td>Graduate School of Biomedical Sciences Financial Review</td>
<td></td>
<td></td>
<td>400</td>
<td></td>
<td>400</td>
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<tr>
<td>School of Health Professions Financial Review</td>
<td></td>
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</tr>
<tr>
<td>UNT Dallas Police Department Payroll Audit</td>
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<tr>
<td>Information Technology</td>
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<td>Investigations</td>
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<td></td>
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<table>
<thead>
<tr>
<th>New Audit Projects To Be Opened:</th>
<th>UNTS</th>
<th>UNT</th>
<th>UNTHSC</th>
<th>UNTD</th>
<th>Total</th>
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<tbody>
<tr>
<td>UNT Student Payroll Audit</td>
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<tr>
<td>College of Pharmacy Financial Review</td>
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<td></td>
<td>450</td>
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<tr>
<td>Texas College of Osteopathic Medicine Financial Review</td>
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<tr>
<td>Office of Finance Transitional Audit</td>
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<td></td>
<td>450</td>
<td></td>
<td>450</td>
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<tr>
<td>Remaining Unallocated Audit Hours Balance</td>
<td>719</td>
<td>2,559</td>
<td>1,493</td>
<td>2,275</td>
<td>7,046</td>
</tr>
</tbody>
</table>
## Summary of Follow-up Activity

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>New Recommendations During This Quarter</th>
<th>Total Closed Recommendations During This Quarter</th>
<th>Total Current Open Recommendations</th>
<th>Open Recommendations-Not Yet Due</th>
<th>Open Recommendations-Past Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNTS</td>
<td>8</td>
<td>12</td>
<td>(3)</td>
<td>17</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>UNT</td>
<td>29</td>
<td>26</td>
<td>(16)</td>
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<tr>
<td>UNTHSC</td>
<td>7</td>
<td>19</td>
<td>(8)</td>
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<tr>
<td>UNTD</td>
<td>34</td>
<td>6</td>
<td>(7)</td>
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<tr>
<td>Total</td>
<td>78</td>
<td>63</td>
<td>(34)</td>
<td>107</td>
<td>97</td>
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Questions?
## UNT System Administration-Detail for Follow-up Activity

<table>
<thead>
<tr>
<th>Audit Information</th>
<th>Finding and Recommendation(s)</th>
<th>Management Response(s)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auditor:</strong> Internal</td>
<td>The written agreement between the Center and the UNTHSC Foundation has not been revised or reaffirmed since September 1994.</td>
<td>Management agrees. In process. The Vice President for Development will raise this topic at the April 2009 Foundation Board meeting and complete by the June meeting. The updated agreement will be distributed upon approval of appropriate Center and Foundation administrators.</td>
<td>46 months past due</td>
</tr>
<tr>
<td><strong>Reporting Agency:</strong> UNT System Internal Audit</td>
<td>3a. Review and update the agreement between the Center and the Foundation including a “right to audit clause.” Refer to Legal Counsel and the AGB-CASE model agreement for guidance.</td>
<td><strong>Party Responsible for Implementation:</strong> Doug White, Vice President of Institutional Advancement</td>
<td></td>
</tr>
<tr>
<td><strong>Risk Category:</strong> Finance</td>
<td><strong>Expected Implementation Date:</strong> November 30, 2012</td>
<td><strong>Revised Implementation Date:</strong> December 31, 2016</td>
<td></td>
</tr>
<tr>
<td><strong>Risk Level:</strong> Low</td>
<td><strong>Party Responsible for Implementation:</strong> Doug White, Vice President of Institutional Advancement</td>
<td><strong>Expected Implementation Date:</strong> November 30, 2012</td>
<td></td>
</tr>
<tr>
<td><strong>Report Name:</strong> Advancement Office Follow-Up Review</td>
<td><strong>Revised Implementation Date:</strong> December 31, 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Report Number:</strong> 09-011</td>
<td>3b. Distribute or make available the reaffirmed agreement to stakeholders including Center administrators, Advancement Office employees, and the Foundation Board of Directors.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Component Institution:</strong> UNT System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Department:</strong> UNTHSC Advancement Office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Brief Description of Audit:</strong> Internal Audit performed a follow-up review of the actions taken to implement recommendations made in Audit Report 07-012, Advancement Office Review.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

UNTHSC is currently working with the Office of General Counsel (OGC) to revise the agreement. OGC has changes that needs to be added to the agreement, it needs to then be re-circulated internally and then sent to HSC Foundation Board for approval as well as the System Board for approval.
## Audit Information

<table>
<thead>
<tr>
<th>Auditor:</th>
<th>Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reporting Agency:</strong></td>
<td>UNT System Internal Audit</td>
</tr>
<tr>
<td><strong>Risk Category:</strong></td>
<td>Government and Regulatory Compliance</td>
</tr>
<tr>
<td><strong>Risk Level:</strong></td>
<td>High</td>
</tr>
<tr>
<td><strong>Report Name:</strong></td>
<td>FY 2015 Investment Compliance Audit</td>
</tr>
<tr>
<td><strong>Report Number:</strong></td>
<td>16-004 UNT System, UNT, UNT Dallas and 16-009 UNTHSC</td>
</tr>
<tr>
<td><strong>Component Institution:</strong></td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
</tr>
<tr>
<td><strong>Department:</strong></td>
<td>Treasury</td>
</tr>
</tbody>
</table>

### Brief Description of Audit:
This audit is required by the Public Funds Investment Act (PFIA) Texas Government Code, Section 2256.005 and UNT System Regulation 08.2000, Investment of System Funds. The objectives of this audit were to provide assurance that 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 PFIA including State Auditor’s Office (SAO) Article III, Rider 5 reporting requirements.

## Finding and Recommendation(s)

<table>
<thead>
<tr>
<th>Finding and Recommendation(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The current Conflict of Interest policy relies on self-disclosure. Currently, there is no formal process in place to determine and document if an investment officer or any authorized designee has a personal business relationship with a business organization offering to engage in an investment transaction with UNT System, UNT, and UNT Dallas.</td>
</tr>
<tr>
<td>Recommendations for Associate Vice Chancellor for Treasury:</td>
</tr>
<tr>
<td>1a. Management to work with Office of General Counsel and Human Resources to establish a mechanism, which includes a conflict of interest disclosure form, through which investment officers self-report annually any real or perceived conflicts of interest.</td>
</tr>
</tbody>
</table>

## Management Response(s)

<table>
<thead>
<tr>
<th>Management Response(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.</td>
</tr>
</tbody>
</table>

### Party responsible for implementation:
James Mauldin, Associate Vice Chancellor for Treasury

### Expected Implementation Date:
August 31, 2016

### Revised Implementation Date:
December 31, 2016

1 month past due
### Audit Information

- **Auditor:** Internal
- **Reporting Agency:** UNT System Internal Audit
- **Risk Category:** Government and Regulatory Compliance
- **Risk Level:** High
- **Report Name:** FY 2015 Investment Compliance Audit
- **Report Number:** 16-004 UNT System, UNT, UNT Dallas and 16-009 UNTHSC
- **Component Institution:** UNT System, UNT, UNT Dallas, UNTHSC
- **Department:** Treasury

### Brief Description of Audit
This audit is required by the Public Funds Investment Act (PFIA) Texas Government Code, Section 2256.005 and UNT System Regulation 08.2000, Investment of System Funds. The objectives of this audit were to provide assurance that 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 PFIA including State Auditor’s Office (SAO) Article III, Rider 5 reporting requirements.

### Finding and Recommendation(s)

- The current Conflict of Interest policy relies on self-disclosure. Currently, there is no formal process in place to determine and document if an investment officer or any authorized designee has a personal business relationship with a business organization offering to engage in an investment transaction with UNT System, UNT, and UNT Dallas.

- **Recommendations for Associate Vice Chancellor for Treasury:**
  1b. Implement a required annual conflict of interest training program to provide investment officers a clear understanding of their roles and responsibilities related to conflict of interest and steps they would need to take in the event of a concern.

### Management Response(s)
- Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.

- **Party responsible for implementation:** James Mauldin, Associate Vice Chancellor for Treasury

- **Expected Implementation Date:** August 31, 2016
- **Revised Implementation Date:** December 31, 2016

**Status:** 1 month past due
## UNT System Administration-Detail for Follow-up Activity

<table>
<thead>
<tr>
<th>Audit Information</th>
<th>Finding and Recommendation(s)</th>
<th>Management Response(s)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auditor:</strong> Internal</td>
<td>The current Conflict of interest policy relies on self-disclosure. Currently, there is no formal process in place to determine and document if an investment officer or any authorized designee has a personal business relationship with a business organization offering to engage in an investment transaction with UNT System, UNT, and UNT Dallas.</td>
<td>Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.</td>
<td>1 month past due</td>
</tr>
<tr>
<td><strong>Reporting Agency:</strong> UNT System Internal Audit</td>
<td>Recommendations for Associate Vice Chancellor for Treasury: 1c. For staff positions which do not require an annual conflict of interest disclosure form to be completed, consider requiring periodic acknowledgement of the institution’s ethics policy from staff, which has conflict of interest embedded within the policy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk Category:</strong> Government and Regulatory Compliance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk Level:</strong> High</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Report Name:</strong> FY 2015 Investment Compliance Audit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Report Number:</strong> 16-004 UNT System, UNT, UNT Dallas and 16-009 UNTHSC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Component Institution:</strong> UNT System, UNT, UNT Dallas, UNTHSC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Department:</strong> Treasury</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Brief Description of Audit:</strong> This audit is required by the Public Funds Investment Act (PFIA) Texas Government Code, Section 2256.005 and UNT System Regulation 08.2000, Investment of System Funds. The objectives of this audit were to provide assurance that 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 PFIA including State Auditor’s Office (SAO) Article III, Rider 5 reporting requirements.</td>
<td></td>
<td></td>
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</tbody>
</table>
# UNT Dallas-Detail for Follow-up Activity

## Audit Information

- **Auditor:** Internal
- **Reporting Agency:** UNT System Internal Audit
- **Risk Category:** Academic
- **Risk Level:** High
- **Report Name:** UNT Dallas Student Fees
- **Report Number:** 16-024 DAL
- **Component Institution:** UNT Dallas and UNT Dallas College of Law
- **Department:** University Admissions & Enrollment, Academic Affairs

## Brief Description of Audit:

Internal Audit completed a review of UNT Dallas Student Fees. This audit was performed at the request of UNT Dallas Management. The objectives of this audit were to determine whether:
- Student Fee processes were adequate to help ensure compliance with rules, regulations (i.e. Texas Education Code Chapter 54) and University policies.
- Student Fee revenues were accurately accounted.
- Student Fees were expended in accordance with applicable statutes.

## Finding and Recommendation(s)

During our review of payroll expenditures funded by Student Services Fees, we noted that 3 out of 5 Student Service Fee Advisory Committee members for FY 2015 and 2 out 5 members for FY 2016 appointed by the Student Government Association were also working as Student Assistants for the Office of Student Affairs.

Recommendation for the Dean of Student Affairs:

9a. Update the UNT Dallas Student Service Fee Advisory Committee bylaws to prohibit any Student Service Fee Advisory Committee member to be a compensated Student Assistant of any Student Services Fee funded departments other than the Committee itself.

## Management Response(s)

The Student Service Fee Advisory Committee By-laws will be updated to reflect that students who are currently student assistants and funded by student fees may not hold a seat by either Student Government Association appointment or President appointment.

**Party responsible for implementation:**
Jamaica Chapple, Dean of Student Affairs

**Expected Implementation Date:** August 22, 2016
**Revised Implementation Date:** January 24, 2017

## Status

1 month past due
## UNT Dallas-Detail for Follow-up Activity

<table>
<thead>
<tr>
<th>Audit Information</th>
<th>Finding and Recommendation(s)</th>
<th>Management Response(s)</th>
<th>Status</th>
</tr>
</thead>
</table>
| **Auditor:** Internal                                   | During our review of six incidental fee accounts for UNT Dallas and UNT Dallas College of Law for FY 2014, FY 2015 and FY 2016, we noted incidental fee account balances were not rolled forward at the end of each fiscal year. Furthermore, testing identified 1 out of 6 incidental fee accounts had a large unexpended balance for FY 2015. Although the Budget Office monitors incidental fee balances during the budget process, there is not a formal process in place to request justification from the account holders for any large incidental fee balances. Recommendations for the Assistant Vice President of Budgeting and Planning:  
16a. Update the accounts in University Accounting System to roll forward at the end of each fiscal year.  
16b. Establish an annual requirement for accountholders to provide a formal justifications or action plans for accumulated unexpended balances over an established threshold. | With these recommendations, the Budget Office will have a chance to edit budget closing rules and determine which budget balances roll forward into next fiscal year and which fund balances will close at the end of the fiscal year. A proposed list of incidental and student services fees accounts to roll forward will be communicated and approved by Chief Financial Officer and the Executive Vice President for Finance and Administration. Also, for any incidental fee budget roll forward balance that exceeds 25% of original budget, a formal justification will be required from the account manager. This justification shall include the reason for the unexpended balance and plans for the unexpended balance. Additionally, if the incidental fee account is projected to roll forward a deficit balance, regardless of dollar amount, the account manager shall submit a formal justification that includes the reason and plan for deficit coverage. All formal justifications shall be submitted to the Assistance Vice President for Budget and Planning by no later than February 1st each fiscal year and must contain the signature of the respective Vice President. | 2 months past due |
| **Reporting Agency:** UNT System Internal Audit         |                                                                                               |                                                                                        |                                 |
| **Risk Category:** Academic                            |                                                                                               |                                                                                        |                                 |
| **Risk Level:** Moderate                                |                                                                                               |                                                                                        |                                 |
| **Report Name:** UNT Dallas Student Fees                |                                                                                               |                                                                                        |                                 |
| **Report Number:** 16-024 DAL                           |                                                                                               |                                                                                        |                                 |
| **Component Institution:** UNT Dallas and UNT Dallas College of Law |                                                                                               |                                                                                        |                                 |
| **Department:** University Admissions & Enrollment, Academic Affairs |                                                                                               |                                                                                        |                                 |
| **Brief Description of Audit:** Internal Audit completed a review of UNT Dallas Student Fees. This audit was performed at the request of UNT Dallas Management. The objectives of this audit were to determine whether:  
  • Student Fee processes were adequate to help ensure compliance with rules, regulations (i.e. Texas Education Code Chapter 54) and University policies.  
  • Student Fee revenues were accurately accounted.  
  • Student Fees were expended in accordance with applicable statutes. |                                                                                               |                                                                                        |                                 |

**Party responsible for implementation:**  
April Barnes, Assistant Vice President of Budgeting and Planning

**Expected Implementation Date:** July 31, 2016  
**Revised Implementation Date:** January 2, 2017
<table>
<thead>
<tr>
<th>Audit Information</th>
<th>Finding and Recommendation(s)</th>
<th>Management Response(s)</th>
<th>Status</th>
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</thead>
</table>
| **Auditor:** Internal | During our review of the UNT Dallas Student Service Fee Advisory Committee composition, we noted that the student government appointed five undergraduate students as representative of all students enrolled at the institution. When the committee deliberated on FY 2015, none of the members appointed by the student government were graduate students. Additionally, when the committee deliberated on FY 2016, none of the members appointed by the student government were graduate and law students. Furthermore, we noted that since UNT Dallas and UNT Dallas College of Law are not within the same reasonably contiguous geographic area, some activities funded partially with student service fees may not be easily accessible and directly benefiting the Law student community. | The Student Service Fee Advisory Committee will ensure that the Student Government Association appoint one graduate student, and one college of law student to ensure representation of all students at UNT Dallas. Student Affairs will continue to expand the current process to ensure core services are available for students at the college of law.  
• Currently (includes all of FY 2016) College of Law students have access to our Veterans Success Center and the Gym. They are also notified through UNT Dallas Announcements each week with the weekly programming and activities that we offer for our students via the Jaguar Roar  
• We will continue to work in collaboration with the Student Affairs office at the College of Law, so that COL students continue to be notified through UNT Dallas Announcements (sent by a member of Student Affairs) each week with the weekly programming and activities that we offer for our students. Student Affairs remains committed to ensuring that all UNT Dallas students have access to services for which their fees provide.  
• We will continue to diligently with the College of Law to further that students can take advantage of services that their fees provide for on both campuses. | 1 month past due |
| **Reporting Agency:** UNT System Internal Audit | 17a. Modify current Fee Advisory Committee bylaws to include composition requirements provided by the Texas Education Code § 54.5031 Student Fee Advisory Committee to help ensure that student government appointees are representative of all students enrolled at the institution. |  |
| **Risk Category:** Academic |  |  |  |
| **Risk Level:** Moderate |  |  |  |
| **Report Name:** UNT Dallas Student Fees |  |  |  |
| **Report Number:** 16-024 DAL |  |  |  |
| **Component Institution:** UNT Dallas and UNT Dallas College of Law |  |  |  |
| **Department:** University Admissions & Enrollment, Academic Affairs |  |  |  |
| **Brief Description of Audit:** Internal Audit completed a review of UNT Dallas Student Fees. This audit was performed at the request of UNT Dallas Management. The objectives of this audit were to determine whether:  
• Student Fee processes were adequate to help ensure compliance with rules, regulations (i.e. Texas Education Code Chapter 54) and University policies.  
• Student Fee revenues were accurately accounted.  
• Student Fees were expended in accordance with applicable statutes. | Recommendation for the Dean of Student Affairs:  
17a. Modify current Fee Advisory Committee bylaws to include composition requirements provided by the Texas Education Code § 54.5031 Student Fee Advisory Committee to help ensure that student government appointees are representative of all students enrolled at the institution. |  |

**Party responsible for implementation:** Jamaica Chapple, Dean of Student Affairs

**Expected Implementation Date:** August 22, 2016

**Revised Implementation Date:** January 24, 2017
# UNT Dallas-Detail for Follow-up Activity

<table>
<thead>
<tr>
<th>Audit Information</th>
<th>Finding and Recommendation(s)</th>
<th>Management Response(s)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor: Internal</td>
<td>Reconciliation procedures have not been performed to verify that seat deposits sent by admitted Law Students to UNT College of Law Admission's Office were properly credited towards the correct student account if the student enrolled, or were properly recorded in the correct chart of accounts if seat deposits were forfeited.</td>
<td>The College of Law- Office of Admissions will work with the Information Technology Manager at Dallas to establish a query report to be run weekly to ensure seat deposits received by the Office are timely processed and the respective student accounts are updated by student finance timely. This will allow the Office of Admissions to prevent or identify processing errors early—as a checks and balance mechanism. Additionally, the Office of Admissions will work with the Information Technology Manager at Dallas to obtain needed access to the student account screens in EIS to verify this information in the system. If there is a discrepancy found with seat deposits not being posted to a student’s account or posted to the wrong student account, the Office of Admissions will work with the Information Technology Manager at Dallas to handle correction of the error. This process will be explained to the Assistant Director of Admissions, in the event that the Assistant Dean is out of the office to ensure that the report is reconciled weekly in the Assistant Dean’s absence.</td>
<td>1 month past due</td>
</tr>
<tr>
<td>Reporting Agency: UNT System Internal Audit</td>
<td>Recommendation for the UNT Dallas College of Law Assistant Dean of Admissions and Scholarships: 20a. Develop reconciliation procedures to help ensure that seat deposit checks received were credited towards the correct student account if the student enrolled or were properly recorded in the correct chart of accounts if the seat deposit was forfeited.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Category: Academic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Level: Moderate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Name: UNT Dallas Student Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Number: 16-024 DAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component Institution: UNT Dallas and UNT Dallas College of Law</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department: University Admissions &amp; Enrollment, Academic Affairs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brief Description of Audit: Internal Audit completed a review of UNT Dallas Student Fees. This audit was performed at the request of UNT Dallas Management. The objectives of this audit were to determine whether: • Student Fee processes were adequate to help ensure compliance with rules, regulations (i.e. Texas Education Code Chapter 54) and University policies. • Student Fee revenues were accurately accounted. • Student Fees were expended in accordance with applicable statutes.</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
## Summary of UNTS Enterprise Audit Inventory

<table>
<thead>
<tr>
<th>Component</th>
<th>Fiscal Year 2017</th>
<th>Fiscal Year 2016</th>
<th>Fiscal Year 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of Audits</td>
<td>Total</td>
<td>Open</td>
</tr>
<tr>
<td>UNTS</td>
<td>2</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>UNT</td>
<td>6</td>
<td>26</td>
<td>22</td>
</tr>
<tr>
<td>UNTHSC</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>UNTD</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Internal Audit Activity</strong></td>
<td>10</td>
<td>43</td>
<td>37</td>
</tr>
<tr>
<td>Conducted by UNTS Component Institutions</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>State Auditor’s Office</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other External Agencies</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>10</td>
<td>43</td>
<td>37</td>
</tr>
</tbody>
</table>

*See UNT System Administration – Detail for Follow-up Activity Audit Report Number 09-011.*
Questions?
The repository represents the detailed audit activity supporting the “UNTS Enterprise Audit Report Inventory” presentation listed on the Schedule of Events for the Board of Regents Meeting November 17, 2016.

The repository includes audit activity from UNT System Internal Audit, Texas State Auditor’s Office and other external agencies from Fiscal Year 2013 through the current timeframe.
<table>
<thead>
<tr>
<th>Internal / External</th>
<th>Reporting Agency</th>
<th>Fiscal Year</th>
<th>Audit Category</th>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
<th>Management Response</th>
<th>Individual Responsible for Implementation</th>
<th>Expected Implementation Date</th>
<th>Recommendation Status</th>
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<tbody>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2009</td>
<td>Finance</td>
<td>Advancement Office Follow-Up Review</td>
<td>UNT/HSC</td>
<td>The written agreement between the Center and the UNTHSC Foundation has not been reviewed or reconfirmed since September 1994.</td>
<td>Low</td>
<td>Review and update the agreement between the Center and the UNTHSC Foundation including a &quot;right to audit clause.&quot; Refer to Legal Counsel and the AGB-CASE model agreement for guidance.</td>
<td>Management agrees. In process. The Vice President for Development will raise this topic at the April 2009 Foundation Board meeting and complete by the June meeting. The updated agreement will be distributed upon approval of appropriate Center and Foundation Administrators.</td>
<td>Doug White, VP of Institutional Advancement</td>
<td>Original Date 11/30/2012 Revised Date 12/31/16</td>
<td>Open</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2009</td>
<td>Finance</td>
<td>Advancement Office Follow-Up Review</td>
<td>UNT/HSC</td>
<td>The written agreement between the Center and the UNTHSC Foundation has not been reviewed or reconfirmed since September 1994.</td>
<td>Low</td>
<td>Distribute or make available the reaffirmed agreement to stakeholders including Center administrators, Advancement Office employees, and the Foundation Board of Directors.</td>
<td>Management agrees. In process. The Vice President for Development will raise this topic at the April 2009 Foundation Board meeting and complete by the June meeting. The updated agreement will be distributed upon approval of appropriate Center and Foundation Administrators.</td>
<td>Doug White, VP of Institutional Advancement</td>
<td>Original Date 11/30/2012 Revised Date 12/31/16</td>
<td>Open</td>
</tr>
<tr>
<td>External</td>
<td>EXPERIS</td>
<td>Fiscal Year 2013</td>
<td>Information Technology</td>
<td>UNTHS Enterprise Audit Report Inventory</td>
<td>UNTHS</td>
<td>I. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in Appendix A, omad, etc…), it is determined that for the less application/services that meet the criteria of being both high risk (and institutional in scope/impact), a population of changes could not be evidenced and that Change Management practices were found to be minimal, general, sparse and less than expected.</td>
<td>High</td>
<td>Recommendations/Activities to Consider for Observations 2 through 4: The following are considered suggestions and not mandates for the applications/services that meet the criteria of being both high risk and institutional in scope (impact): Establish a tracking and reporting system (e.g. spreadsheet) to document approved/rejected changes, communicate the status of requests (e.g. in process, testing, approved, completed). Make certain that approved changes are implemented as planned (enhancement explanations where changes deviate from original plan).</td>
<td>ITS management agrees with these best practice recommendations and will complete the steps listed below to ensure that all changes to IT systems at UNTHSC are reviewed, categorized, comply with TAC guidelines, and as appropriate, follow a formal change process. Formal change processes will be applied to systems or applications that have been classified as high risk (contains or processes private (and/or regulated) data), and high-impact (institutional-wide). Classification and evaluation of high risk/high impact systems and applications will be conducted and reviewed by ITS management, CIO, and stakeholders annually. ITS has begun a pilot of Microsoft System Center Service Manager(SCSM), a tool for IT service and change management that will hold system and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is within the next 6 months. Change management procedures will be formalized at the completion of the pilot, and with adoption of SCSM or similar tool. Procedures will include approval processes, pre and post testing, and emergency change protocols, and will be reviewed annually by ITS management. ITS is currently in the process of updating our institutional and internalpolicies, including Systems Change Control.</td>
<td>ITS management team authors changes, Executive Director of Information Technology Services, Anthony Tinsley, Director of Infrastructure and Security, Woody Hagy, Director of Information Services, and Renee Stabler, Vice Provost for Academic Affairs and Development/CIO.</td>
<td>8/31/2014</td>
<td>NA</td>
</tr>
</tbody>
</table>
### Individual Responsible

<table>
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<tr>
<th>Internal</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Drabier, Vice Provost for Academic Affairs and Development/CIO.</td>
<td>Tissera, Director of Information Technology Services, and Renee Drabler, Vice Provost for Academic Affairs and Development/OO.</td>
</tr>
</tbody>
</table>

### Date

| 8/31/2014 | NA |

### Recommendation Status

| ITS management team - Drabier, Tissera, and Drabler |

### Observations

**1. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in Appendix A, email, etc.), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope (impact), a population of applications/services that meet the criteria of being both high risk and institutional in scope (impact):**

- Classification and evaluation of high risk/high impact systems and applications will be conducted and reviewed by ITS management, CIO, and stakeholders annually. ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold systems and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is within the next 6 months.

- Change management procedures will be formalized at the completion of the pilot, and with adoption of SCSM or similar tool. Procedures will include approval processes, pre and post testing, and emergency/change protocols, and will be reviewed annually by ITS management.

- ITS is currently in the process of updating our institutional and internal policies, including Systems Change Control.

**2. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in Appendix A, email, etc.), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope (impact), a population of applications/services that meet the criteria of being both high risk and institutional in scope (impact):**

- Classification and evaluation of high risk/high impact systems and applications will be conducted and reviewed by ITS management, CIO, and stakeholders annually. ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold systems and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is within the next 6 months.

- Change management procedures will be formalized at the completion of the pilot, and with adoption of SCSM or similar tool. Procedures will include approval processes, pre and post testing, and emergency/change protocols, and will be reviewed annually by ITS management.

- ITS is currently in the process of updating our institutional and internal policies, including Systems Change Control.

**3. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in Appendix A, email, etc.), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope (impact), a population of applications/services that meet the criteria of being both high risk and institutional in scope (impact):**

- Classification and evaluation of high risk/high impact systems and applications will be conducted and reviewed by ITS management, CIO, and stakeholders annually. ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold systems and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is within the next 6 months.

- Change management procedures will be formalized at the completion of the pilot, and with adoption of SCSM or similar tool. Procedures will include approval processes, pre and post testing, and emergency/change protocols, and will be reviewed annually by ITS management.

- ITS is currently in the process of updating our institutional and internal policies, including Systems Change Control.

**4. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in Appendix A, email, etc.), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope (impact), a population of applications/services that meet the criteria of being both high risk and institutional in scope (impact):**

- Classification and evaluation of high risk/high impact systems and applications will be conducted and reviewed by ITS management, CIO, and stakeholders annually. ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold systems and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is within the next 6 months.

- Change management procedures will be formalized at the completion of the pilot, and with adoption of SCSM or similar tool. Procedures will include approval processes, pre and post testing, and emergency/change protocols, and will be reviewed annually by ITS management.

- ITS is currently in the process of updating our institutional and internal policies, including Systems Change Control.
<table>
<thead>
<tr>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
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<tr>
<td>UNTHSC</td>
<td>1. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in Appendix A, email, etc.), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope (impact), a population of changes could not be evidenced and that Change Management practices were found to be minimal, general nature and less than expected.</td>
<td>High</td>
<td>Recommendations/Activities to Consider for Observations 1 through 4:</td>
<td>ITS management agrees with these best practice recommendations and will complete the steps listed below to ensure that all changes to IT systems at UNTHSC are approved, categorized, comply with TAC guidelines, and as appropriate, follow a formal change process. Formal change processes will be applied to systems and applications that have been classified as high risk (contains or processes private and/or regulated data), and high impact (institutional wide use). Classification and evaluation of high risk/high impact systems addendums will be conducted and reviewed by ITS management, CIO, and stakeholders annually. ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold system and application information, and allow for the tracking and reporting of changes made to those systems and applications identified high risk/high impact. Estimated completion date for pilot is within the next 6 months.</td>
<td>IT management team - Lynley Dungan, Executive Director of Information Technology Services, Anthony Fiorini, Director of Infrastructure and Security, Woody Hagar, Director of Information Services, and Renee Dabler, Vice Provost for Academic Affairs and Development/OD.</td>
<td>8/31/2014</td>
<td>NA</td>
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<tr>
<td></td>
<td>Process to ensure changes are categorized, prioritized, assigned, and authorized</td>
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<td>Process for pre-implementation and post-implementation testing/protocols/requirements</td>
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<td>Process for defining, raising, testing, documenting, assessing and/or executing emergency changes outside of the normal change process</td>
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<td>Tracking and reporting systems to document and communicate rejected changes, communicate the status of approved and in-progress changes, and completion of</td>
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<td>Recommendations/Activities to Consider for Observations 1 through 4:</td>
<td>ITS management agrees with these best practice recommendations and will complete the steps listed below to ensure that all changes to IT systems at UNTHSC are approved, categorized, comply with TAC guidelines, and as appropriate, follow a formal change process. Formal change processes will be applied to systems and applications that have been classified as high risk (contains or processes private and/or regulated data), and high impact (institutional wide use). Classification and evaluation of high risk/high impact systems addendums will be conducted and reviewed by ITS management, CIO, and stakeholders annually. ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold system and application information, and allow for the tracking and reporting of changes made to those systems and applications identified high risk/high impact. Estimated completion date for pilot is within the next 6 months.</td>
<td>ITS management team - Lynley Dungan, Executive Director of Information Technology Services, Anthony Fiorini, Director of Infrastructure and Security, Woody Hagar, Director of Information Services, and Renee Dabler, Vice Provost for Academic Affairs and Development/OD.</td>
<td>8/31/2014</td>
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</table>
External EXPEAS Fiscal Year 2013 Information Technology UNTHSC 1. Current Change Management Practice  - Based on the documentation provided (e.g., documents listed in Appendix B, email, etc…), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope (impact), a population of changes was not evidenced and that Change Management practices were found to be minimal, general in nature and less than expected. Change Management procedures do not include the following:

- Standardized procedures to handle requests (including maintenance/patch) for changes to applications, procedures, processes, system and service parameters, and the underlying platforms.
- Structured way to determine the impact on the operational system (and overall infrastructure) and its functionality for each request for change.
- Process to ensure changes are categorized, prioritized, assigned, and authorized.
- Process for pre-implementation and post-implementation testing/requirements.
- Process for defining, raising, testing, documenting, assessing, and authorizing emergency changes (outside of the ‘normal’ change process).
- Tracking and reporting systems to document and communicate rejected changes, communicate the status of approved and in-process changes, and completion of each request for change.
- Process to ensure changes are categorized, prioritized, assigned, and authorized.
- Process for pre-implementation and post-implementation testing/requirements.
- Process for defining, raising, testing, documenting, assessing, and authorizing emergency changes (outside of the ‘normal’ change process).
- Tracking and reporting systems to document and communicate rejected changes, communicate the status of approved and in-process changes, and completion of each request for change.

Risk Level: High

Recommendations/Activities to Consider for Observations 1 through 4: The following are considered suggestions and not mandates for the applications/services that meet the criteria of being both high risk and institutional in scope (impact):

- Where support responsibilities are shared with other organizations (e.g., ITS, vendors, other departments), document the roles and responsibilities for each and capture how all stakeholders and support teams are kept up-to-date.
- Classification and evaluation of high risk/high impact systems and applications will be conducted and reviewed by ITS management, CIO, and stakeholders annually. ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold system and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is within the next 6 months.
- Change management procedures will be formalized at the completion of the pilot, and with adoption of SCSM or similar tool. Procedures will include approval processes, pre and post testing, and emergency/change protocols, and will be reviewed annually by ITS management.
- ITS is currently in the process of updating our institutional and internal policies, including Systems Change Control.

Academic Affairs and Drabier, Vice Provost for Academic Affairs and Development/CIO.

Individual Responsible for Implementation: Lynley Dungan, Executive Director of Information Technology Services.

Expected Implementation Date: 8/31/2014

Recommendation Status: NA

External EXPEAS Fiscal Year 2013 Information Technology UNTHSC 1. Current Change Management Practice - Based on the documentation provided (e.g., documents listed in Appendix B, email, etc…), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope (impact), a population of changes was not evidenced and that Change Management practices were found to be minimal, general in nature and less than expected. Change Management procedures do not include the following:

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- Structured way to determine the impact on the operational system (and overall infrastructure) and its functionality for each request for change.
- Process to ensure changes are categorized, prioritized, assigned, and authorized.
- Process for pre-implementation and post-implementation testing/requirements.
- Process for defining, raising, testing, documenting, assessing, and authorizing emergency changes (outside of the ‘normal’ change process).
- Tracking and reporting systems to document and communicate rejected changes, communicate the status of approved and in-process changes, and completion of each request for change.

Risk Level: High

Recommendations/Activities to Consider for Observations 1 through 4: The following are considered suggestions and not mandates for the applications/services that meet the criteria of being both high risk and institutional in scope (impact):

- Include a method to periodically review, update, and internal policies, including Systems Change Control.
- ITS management agrees with these best practice recommendations and will complete the steps listed below to ensure that all changes to IT systems at UNTHSC are reviewed, categorized, comply with TAC guidelines, and as appropriate, follow a formal change process. Formal change processes will be applied to systems or applications that have been classified as high risk (contains or processes private and/or regulated data), and high impact (institutional wide use).
- Classification and evaluation of high risk/high impact systems and applications will be conducted and reviewed by ITS management, CIO, and stakeholders annually.
- ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold system and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is within the next 6 months.
- Change management procedures will be formalized at the completion of the pilot, and with adoption of SCSM or similar tool. Procedures will include approval processes, pre and post testing, and emergency/change protocols, and will be reviewed annually by ITS management.
- ITS is currently in the process of updating our institutional and internal policies, including Systems Change Control.

Academic Affairs and Drabier, Vice Provost for Academic Affairs and Development/CIO.

Individual Responsible for Implementation: Lynley Dungan, Executive Director of Information Technology Services.

Expected Implementation Date: 8/31/2014

Recommendation Status: NA
**UNTS Enterprise Audit Report Inventory**

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
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<td><strong>External</strong></td>
<td>EXPASS</td>
<td>Fiscal Year 2013</td>
<td>Information Technology</td>
<td>UNT Health Science Center (UNT HSC)</td>
<td>Change Management Assessment</td>
<td>UNTHSC</td>
<td><strong>1. Current Change Management Practice - Based on the documentation provided (e.g., documents listed in Appendix A, omad, etc.). It was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope/impact, a population of changes could not be evidenced and that Change Management practices were found to be minimal, general nature and less than expected.</strong></td>
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<td>Report Name</td>
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<td>EXPERTS</td>
<td>Fiscal Year 2013</td>
<td>Information Technology</td>
<td>UNT Health Science Center (UNT HSC)</td>
<td>Change Management Assessment</td>
<td>UNT HSC, 1. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in Appendix A, email, etc.), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope (impact), a population of changes could not be evidenced and that Change Management practices were found to be minimal, general in nature and less than expected. Change Management procedures do not include the following: - Standardized procedures to handle requests (including maintenance and patches) for changes to applications, procedures, processes, systems and service parameters, and the underlying platforms - Structured way to determine the impact on the operational system and overall infrastructure and its functionality for each request for change - Process to ensure changes are categorized, prioritized, assigned, authorized and documented - Process for pre-implementation and post-implementation testing/requirements - Process for defining, raising, testing, documenting, approving and authorizing emergency changes (outside of the ‘normal’ change process) - Tracking and reporting systems to document and communicate rejected changes, communicate the status of approved and in-process changes, and completion of change processes</td>
<td>High</td>
<td>Recommendations/Activities to consider for Observations 1 through 4: The following are considered best practices and should be associated with the applications/services that meet the criteria of being both high risk and institutional in scope (impact): - Define and document approval procedures, as well as those individuals that are authorized to act as approvers for each system. - TS management agrees with these best practice recommendations and will complete the steps listed below to ensure that all changes to IT systems at UNT HSC are assessed, categorized, comply with TAC guidelines, and are appropriate, follow a formal change process. - Formal change management processes will be formalized at the institutional level and documented in the IT systems and applications that receive the changes. - ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold system and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is sometime within the next 6 months. - Classification and evaluation of high risk/high impact systems and applications will be conducted and reviewed by TS management, CIO, and stakeholders annually. - ITS has begun a pilot of Microsoft System Center Service Manager (SCSM), a tool for IT service and change management that will hold system and application information, and allow for the tracking and reporting of changes made to those systems and applications identified as high risk/high impact. Estimated completion date for pilot is sometime within the next 6 months.</td>
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<tr>
<td>State Auditor's Office</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>State of Texas</td>
<td>UNT</td>
<td>During the Fall 2011 term, the University of North Texas (University) used full-time budgets to determine COA for all students receiving financial assistance who applied for Title IV assistance prior to the Fall 2011 census date, regardless of each student's actual or anticipated enrollment. In addition, for 2 1/2 percent of 60 students tested, the University incorrectly overawarded the student $8,776 in Direct Loans associated with award FDS86122355 as part of the student's Spring 2012 assistance.</td>
<td>NA</td>
<td>The University should: Develop a process to determine each student's COA and financial need based on the student's expected or actual enrollment.</td>
<td>ITS management has developed a process to determine each student's COA and financial need based on the student's expected or actual enrollment.</td>
</tr>
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<td>NA</td>
<td>The University should: Develop a process to determine each student's COA and financial need based on the student's expected or actual enrollment.</td>
<td>ITS management has addressed the overaward with the employee responsible for making the error for the student in question. The overaward is being corrected.</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>Internal / External</th>
<th>Reporting Agency</th>
<th>Fiscal Year Report was Issued</th>
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<td>State Auditor's Office</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012</td>
<td>UNT</td>
<td>The University should establish and implement procedures to ensure that it does not charge unallowable or incorrect costs to federal awards.</td>
<td>NA</td>
<td>The University should establish and implement procedures to ensure that it does not charge unallowable or incorrect costs to federal awards.</td>
<td>The UNT Business Service Center (BSC) agrees. The BSC has corrected the travel reimbursement and the payroll underpayment. The BSC has established business practices to address the recommendation, which include: Management Response and Corrective Action Plan: -Provided additional training to Travel staff regarding allowable expenses on federal funds. -Will participate in ongoing collaboration with the UNT Office of Research Services to enhance the audit process of travel expenditures to avoid unallowable charges to federal funds. -SEFA (PeopleSoft) system now calculates partial months using an annualized hourly rate of pay (2,080 hours). -Manual calculation is no longer necessary.</td>
<td>Susan Sims and Connie Ross</td>
<td>2/1/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012</td>
<td>UNT</td>
<td>The University of North Texas (University) did not ensure that vendor suspensions and debarment verifications for all procurements tested that exceeded $25,000 were suspended or debarred.</td>
<td>NA</td>
<td>The University should document its vendor suspension and debarment verifications for all procurements of at least $25,000.</td>
<td>The UNT System Business Service Center (BSC) agrees. The BSC has established business practices to address the recommendation, which include: Management Response and Corrective Action Plan: -Added a clause/condition to the UNT System Purchase Order Terms and Conditions on 10/29/12. -Provided additional training to Purchasing staff on EPLS Search and documentation requirements on 11/16/13. -Created a procedure to ensure all procurements of at least $25,000 are documented appropriately and are audited by management daily on 1/22/13.</td>
<td>Carolyn Cross</td>
<td>2/1/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012</td>
<td>UNT</td>
<td>The University of North Texas (University) did not send the required notification of Recovery Act information at the time of disbursement of funds to its one Recovery Act subrecipient.</td>
<td>NA</td>
<td>The University should establish and implement procedures to help ensure that it makes required notifications when it disburses Recovery Act funds to subrecipients.</td>
<td>The UNT Office of Research Services agrees. The subsequent vendor record in PeopleSoft has been enhanced so that its status of future payments, if any, will include the following: Management Response and Corrective Action Plan: -Federal award number. -EOA number. -Amount of ARRA recovery funds.</td>
<td>Britt-Enkhjargal</td>
<td>2/1/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
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<td>Finance</td>
<td>Statewide Single Audit Report for the Year Ended August 31, 2012</td>
<td>UNT</td>
<td>On its SEFA, the University of North Texas (UNT) incorrectly reported expenditures for four CFDA in the Student Financial Assistance Cluster of federal programs using award year instead of fiscal year. As a result, UNT (1) incorrectly included $6,257,520 and (2) incorrectly excluded $278,738 in expenditures on its SEFA. UNT also incorrectly included $6,255,520 of those expenditures in the notes to its SEFA and understated federal revenue by $278,738 in the notes to its SEFA. -Could not provide adequate support for excluding $361,374 in expenditures from its SEFA. UNT asserted that it excluded those expenditures because it had a vendor relationship with other state entities; however, UNT could not provide support for that assertion.</td>
<td>NA</td>
<td>The UNT should: Strengthen its review process to help ensure that it prepares the SEFA correctly and that the SEFA it submits to the Comptroller’s Office is complete and accurate. We concur with the auditor’s findings and recommendations. Financial aid reporting procedures will be modified to ensure compliance with GASB 34 and the State Comptroller’s reporting requirements for SEFA. Pass thru confirmation processes will be modified to ensure the collection and retention of documentary evidence supporting our reporting assertions.</td>
<td>Associate Vice President for Finance and Controller</td>
<td>8/31/2013</td>
<td>Closed</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individual Responsible for Implementation</td>
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<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Statewide Single Audit Report for the Year Ended August 31, 2012</td>
<td>UNT</td>
<td>On its SEFA, the University of North Texas (UNT): 1) incorrectly reported expenditures for four CFDA's in the Student Financial Assistance Cluster of federal programs using award year instead of fiscal year. As a result, UNT (1) incorrectly included $6,257,530 and (2) incorrectly excluded $278,738 in expenditures on its SEFA. UNT also incorrectly included $6,255,520 of those expenditures in the notes to its SEFA and understated federal revenue by $278,738 in the notes to its SEFA. Could not provide adequate support for excluding $361,374 in expenditures from its SEFA. UNT asserted that it excluded those expenditures because it had a vendor relationship with other state entities; however, UNT could not provide support for that assertion.</td>
<td>NA</td>
<td>UNT should: Confirm all pass-throughs and vendor relationships with other state entities and maintain documentation of those pass-throughs and vendor relationships. We concur with the auditor's findings and recommendations. Financial aid reporting procedures will be modified to ensure compliance with GASB 33 and the State Comptroller's reporting requirements for SEFA. Pass-thru confirmation processes will be modified to ensure the collection and retention of documentary evidence supporting our reporting assertions</td>
<td>Associate Vice President for Finance and Controller</td>
<td>8/31/2013</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Salary Adjustments Review</td>
<td>UNT</td>
<td>Equity Adjustments - Documentation did not consistently, sufficiently, and clearly demonstrate how the equity adjustments were determined.</td>
<td>High</td>
<td>Maintain documentation that demonstrates the process followed and validates how the determination was made for the compensation decision/salary adjustment. Human Resources has developed a written standard operating procedure on this process and provided that to Internal Audit. Additionally, Human Resources now creates a written report for each equity adjustment request that outlines the data reviewed, the findings and the recommendation. This is in addition to the information Human Resources has always provided on the Equity Adjustment Request Form. The recommendation to add the term equity adjustment to the Salary Administration Procedure, Policy 1.6.2 will be moved forward by Human Resources to administration.</td>
<td>Internal Audit</td>
<td>Marco Bailey, Human Resources Director, Denton Campus</td>
<td>3/13/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Salary Adjustments Review</td>
<td>UNT</td>
<td>Equity Adjustments - Documentation did not consistently, sufficiently, and clearly demonstrate how the equity adjustments were determined.</td>
<td>High</td>
<td>Document internal procedures for reviewing equity adjustments. Human Resources has developed a written standard operating procedure on this process and provided that to Internal Audit. Additionally, Human Resources now creates a written report for each equity adjustment request that outlines the data reviewed, the findings and the recommendation. This is in addition to the information Human Resources has always provided on the Equity Adjustment Request Form. The recommendation to add the term equity adjustment to the Salary Administration Procedure, Policy 1.6.2 will be moved forward by Human Resources to administration.</td>
<td>Internal Audit</td>
<td>Marco Bailey, Human Resources Director, Denton Campus</td>
<td>3/13/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Salary Adjustments Review</td>
<td>UNT</td>
<td>Equity Adjustments - Documentation did not consistently, sufficiently, and clearly demonstrate how the equity adjustments were determined.</td>
<td>High</td>
<td>Include the definition of equity adjustment in administrative procedures for policy 1.6.2 Human Resources has developed a written standard operating procedure on this process and provided that to Internal Audit. Additionally, Human Resources now creates a written report for each equity adjustment request that outlines the data reviewed, the findings and the recommendation. This is in addition to the information Human Resources has always provided on the Equity Adjustment Request Form. The recommendation to add the term equity adjustment to the Salary Administration Procedure, Policy 1.6.2 will be moved forward by Human Resources to administration.</td>
<td>Internal Audit</td>
<td>Marco Bailey, Human Resources Director, Denton Campus</td>
<td>1/1/2013</td>
<td>Closed</td>
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<tr>
<td>Internal / External</td>
<td>Fiscal Year Report was Issued</td>
<td>Audit Category</td>
<td>Audit Name</td>
<td>Key Observations</td>
<td>Component Institution</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individual Responsible for Implementation</td>
<td>Expected Implementation Date</td>
<td>Recommendation Status</td>
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<tr>
<td>Internal</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Salary Adjustments Review</td>
<td>UNT System - Position Reclasse - The Annual Position Classification Review Recommendation report did not consistently and clearly document the analysis related to how all of the position reclasses were determined.</td>
<td>UNT System</td>
<td>Moderate</td>
<td>Maintain documentation that demonstrates the process was followed and validates how the determination was made for (re)classification decision/salary adjustment.</td>
<td>Human Resources has discussed with Internal Audit the expectations of what they consider appropriate documentation and asked for suggestions on a recommended model and is awaiting that feedback. During the next reclassification review process, Human Resources will review documentation procedures to incorporate recommendations from this audit. Human Resources will ensure that any position that needs addressed after the formal &quot;Call&quot; for requests, has a completed position information questionnaire. The 28 data entry errors have been corrected in EIS.</td>
<td>Marie Bailey, Human Resources Director, Denton Campus</td>
<td>3/10/2013</td>
<td>Closed</td>
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<td>Internal</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNT Stadium Construction Review</td>
<td>UNT System - In-Depth Review of Invoice Support Documentation - UNT System: UNT System performs only a high-level review of the monthly invoice (progress billing) including supporting documentation received from the primary contractor.</td>
<td>UNT System</td>
<td>Moderate</td>
<td>Conduct periodic, sample based reviews of invoice support documentation to ensure the accuracy of the detail information and calculations pertaining to the category totals including labor charges.</td>
<td>UNT System Facilities will review and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.</td>
<td>Don Lynch, Director of System Facilities Administration</td>
<td>12/31/2012</td>
<td>Closed</td>
<td></td>
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<tr>
<td>Internal</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNT Stadium Construction Review</td>
<td>UNT System - In-Depth Review of Invoice Support Documentation - UNT System: UNT System performs only a high-level review of the monthly invoice (progress billing) including supporting documentation received from the primary contractor.</td>
<td>UNT System</td>
<td>Moderate</td>
<td>Ensure primary contractors provide adequate labor expense support documentation for future construction projects.</td>
<td>UNT System Facilities will review and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.</td>
<td>Don Lynch, Director of System Facilities Administration</td>
<td>12/31/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNT Stadium Construction Review</td>
<td>UNT System - In-Depth Review of Invoice Support Documentation - UNT System: UNT System performs only a high-level review of the monthly invoice (progress billing) including supporting documentation received from the primary contractor.</td>
<td>UNT System</td>
<td>Moderate</td>
<td>Consider utilizing the services of a third party company that specializes in reviewing contractor construction documentation.</td>
<td>UNT System Facilities will review and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.</td>
<td>Don Lynch, Director of System Facilities Administration</td>
<td>12/31/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNT Stadium Construction Review</td>
<td>UNT System - Incentive Retainage Amount - The primary contractor did not apply the retainage percentage to contractor fees as required by the contract terms.</td>
<td>UNT System</td>
<td>Moderate</td>
<td>Review Application and Certificate for Payment forms and supporting documentation to verify that dollar amounts, including retainage, are accurate and in compliance with contract terms.</td>
<td>UNT System Facilities agrees with the report finding. UNT System Facilities will review and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.</td>
<td>Don Lynch, Director of System Facilities Administration</td>
<td>12/31/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Annual Investments/Commerce Paper</td>
<td>UNT System - Non-Compliance with Yield Percentages of Investment Policy</td>
<td>UNT System</td>
<td>Moderate</td>
<td>Reviewing the investment yields and re-balancing the investments to comply with UNT System Investment Policy 04.10.0, Objective 6; and Investment yields have been and continue to be at historically low levels. We do not anticipate that this condition will persist in the long term. However, please note that UNT System policy 8.20, which was adopted in August 2012, supersedes 10.007 for UNTD, 4.100 for UNT System and successfully resolves the finding noted above. As such, at this point, we feel that no further management action is required.</td>
<td>UNT System Facilities agrees with the report finding. UNT System Facilities will review and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.</td>
<td>Alix Clemson, Vice Chancellor for Administration and Chief of Staff</td>
<td>8/2/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Annual Investments/Commerce Paper</td>
<td>UNT System - Non-Compliance with Yield Percentages of Investment Policy</td>
<td>UNT System</td>
<td>Moderate</td>
<td>Reviewing the investment yields and re-balancing the investments to comply with UNT Dallas Investment Policy 10.007, Objective 6.</td>
<td>Investment yields have been and continue to be at historically low levels. We do not anticipate that this condition will persist in the long term. However, please note that UNT System policy 8.20, which was adopted in August 2012, supersedes 10.007 for UNTD, 4.100 for UNT System and successfully resolves the finding noted above. As such, at this point, we feel that no further management action is required.</td>
<td>Carla Hernandez, Vice President for Finance and Administration/COO – UNT Dallas</td>
<td>8/2/2012</td>
<td>Closed</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Audit Category</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Of the 17 cardholders reviewed, 15 (88%) were not in full compliance with purchasing card policies.</td>
<td>High</td>
<td>Require all personnel in the GBB be retrained on purchasing card policies and procedures.</td>
<td>Management agrees. The Deisrt’s office will ensure that all Purchasing Card holders in GBB complete a refresher training course of the Purchasing Card requirements.</td>
<td>Kieta Wheeler, Senior Executive Assistant</td>
<td>11/30/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Of the 17 cardholders reviewed, 15 (88%) were not in full compliance with purchasing card policies.</td>
<td>High</td>
<td>Follow procurement card program policies and procedures.</td>
<td>GBB Deisrt’s office does not audit For-Cards and authorizations and training is handled by BSC. Based on our correspondence with BSC, we were told that refresher training is required and others the BSC. It should be noted that beginning in 2009, refresher training was required every other year. However, with the creation of the BSC and subsequent move, this has not taken place. The BSC goal is to start with 2013 and have every participant take refresher training annually.</td>
<td>Kieta Wheeler, Senior Executive Assistant</td>
<td>11/30/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Of the 102 travel vouchers reviewed, $3 were not in full compliance with travel policy.</td>
<td>Moderate</td>
<td>Work with the Office of GIant and Contract Management, and Office of Financial Planning and Budget to establish a service center.</td>
<td>Management agrees. The Acting Chair will work with the Lab Director and Office of Grant and Contract Management, and Office of Financial Planning and Budget to establish a service center.</td>
<td>Johnny He, Acting Chair</td>
<td>12/31/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Of the 102 travel vouchers reviewed, $3 were not in full compliance with travel policy.</td>
<td>Moderate</td>
<td>Reimburse all overpayments by travel vouchers unless you determine it to be non-cost effective to do so.</td>
<td>Management Agrees. Management requested reimbursement of overpayments from traveler on October 5, 2012.</td>
<td>Thomas Yurin, Provost and Executive Vice President for Academic Affairs</td>
<td>12/31/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Of the 102 travel vouchers reviewed, $3 were not in full compliance with travel policy.</td>
<td>Moderate</td>
<td>Establish a travel monitoring process to ensure that travel is properly approved, and that vouchers are submitted with supporting documentation.</td>
<td>Management Agrees. All administrative staff that prepare travel documents should complete a refresher course from the BSC within the next 6 months. Additionally, each department chair should discuss travel policies and procedures with their faculty.</td>
<td>Anga Ghirgad, Chair; Steve Mifflin, Chair; Art Eisenberg, Chair; Mehman Singh, Chair; Johnny He, Chair; and Jamboor Vishwanatha, Dean.</td>
<td>12/31/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Of the 102 travel vouchers reviewed, $3 were not in full compliance with travel policy.</td>
<td>Moderate</td>
<td>Provide training to faculty and staff on travel policies.</td>
<td>Management Agrees. All administrative staff that prepare travel documents should complete a refresher course from the BSC within the next 6 months. Additionally, each department chair should discuss travel policies and procedures with their faculty.</td>
<td>Anga Ghirgad, Chair; Steve Mifflin, Chair; Art Eisenberg, Chair; Mehman Singh, Chair; Johnny He, Chair; and Jamboor Vishwanatha, Dean.</td>
<td>12/31/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Personal reimbursements to deptID holders did not have supervisor approval.</td>
<td>Low</td>
<td>Establish a process to ensure that personal reimbursements to the deptID/projID holders are properly approved.</td>
<td>Management Agrees. Each Chair and their Ogle will work with their administrative staff to ensure that step by step procedures are followed.</td>
<td>Anga Ghirgad, Chair; Steve Mifflin, Chair; Art Eisenberg, Chair; Mehman Singh, Chair; Johnny He, Chair; and Jamboor Vishwanatha, Dean.</td>
<td>12/31/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Cash handling is not properly segregated or safeguarded in the Department of Forensic &amp; Investigative Genetics, and cash receipts are not all deposited within one day as required by policy.</td>
<td>Low</td>
<td>Develop and implement cash handling procedures that ensure cash is protected and deposited in a timely manner.</td>
<td>Management agrees. The Chair will work with staff to develop and implement cash handling procedures that ensure cash is protected and deposited in a timely manner.</td>
<td>Art Eisenberg, Chair</td>
<td>10/1/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>Three projects were overspent and deficits were not cleared within the 90 day close out period.</td>
<td>Low</td>
<td>Require all PIs to submit a default deptID (i.e. th F&amp;A deptID), and/or form a projID is established that will be used if the grant is overspent.</td>
<td>Management agrees. GSGC is working with management to implement a process which utilizes the applicable F&amp;A recovery deptID as the default funding source for all projID’s.</td>
<td>Linda Forsberg, Executive Director, Office of Grant and Contract Management</td>
<td>12/21/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Graduate School of Biomedical Sciences Review</td>
<td>UNTMSC</td>
<td>UNTHSC travel policy regarding partial day meal rates is unclear.</td>
<td>Low</td>
<td>Develop in coordination with the Office of Financial Planning and Budget a clear partial day meal policy for UNTHSC.</td>
<td>Management Agrees. The Business Service Center will submit recommendations to the BSC Operations Committee for standardizing travel policy and procedure across the UNT System. The issue identified above will be addressed.</td>
<td>Susan Sims, BSC Director of Payments</td>
<td>1/1/2013</td>
<td>Closed</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Cost Transfer Process Review</td>
<td>UNTSC</td>
<td>Cost Transfers – Of the 28 transfers reviewed, 12 transfers had no explanation for why the correction was made over 90 days after the original charge.</td>
<td>Low</td>
<td>Develop a cost transfer form that collects all required information including reason for transfers occurring 90 days after the original charge.</td>
<td>Office of Grant and Contract Management (DGCM) agrees with the suggestion to develop a cost transfer form. However, we have reviewed federal regulations which state, “cost transfers should be accomplished within... 90 days from discovery of the error.” Our current policy statement of 90 days from transaction date is not in line with federal regulations and will be updated to reflect the language of the federal compliance documents. The cost transfer form will be in line with our modified policy and current federal regulations.</td>
<td>Don Peska, Dean of TCOM and Mazen Barakat, Manager, Grant and Contract Accounting</td>
<td>5/31/2013</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Cost Transfer Process Review</td>
<td>UNTSC</td>
<td>Cost Transfers – Of the 28 transfers reviewed, 12 transfers had no explanation for why the correction was made over 90 days after the original charge.</td>
<td>Low</td>
<td>Require all principal investigators to complete the cost transfer form prior to making the transfer.</td>
<td>We have developed a cost transfer form and will post on the DGCM website for use by faculty and staff.</td>
<td>Don Peska, Dean of TCOM and Mazen Barakat, Manager, Grant and Contract Accounting</td>
<td>5/31/2013</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Compliance Program Review</td>
<td>UNT</td>
<td>Audit work completed the former Director for Research Compliance was not available.</td>
<td>Moderate</td>
<td>Ensure research compliance documentation in accordance with UNTSC Records Retention Schedule. Documentation should include, but not limited to: documentation of work performed, findings noted, and solutions implemented.</td>
<td>Management agrees. The Office for Research Compliance will maintain complete</td>
<td>Brian Gladue, Ph.D., Executive Director for Research Compliance</td>
<td>10/1/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Compliance Program Review</td>
<td>UNTSC</td>
<td>The Institutional Compliance Office is not made aware of all compliance issues in research.</td>
<td>Moderate</td>
<td>Modify the reporting structure in the Office of Research to ensure that all compliance issues are reported to the Institutional Compliance Office.</td>
<td>Management agrees. Dr. Brian Gladue has joined the UNTSC Compliance Council to ensure that research compliance matters and updates are communicated regularly to William LeMaistre and other members of the university compliance team.</td>
<td>Brian Gladue, Ph.D., Executive Director for Research Compliance</td>
<td>10/1/2013</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Academic Programs Review</td>
<td>UNT</td>
<td>Based on results of the procedures performed, all new degree programs established during fiscal year 2011 and 2012 appeared to be in compliance with THECB requirements and University policy.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>NA</td>
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<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report was Issued</td>
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<td>Risk Level</td>
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<td>Recommendation Status</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Intra-System/Interagency Review</td>
<td>Documentation related to the Intra System Agreements between UNT and UNT Dallas does not meet best practice standards.</td>
<td>Moderate</td>
<td>Document amendments to Agreements with signature authorizations; and Document all FY agreements before the beginning of the fiscal year. Agreements will include signature authorization.</td>
<td>Jean Bush, Senior Associate Vice President for Finance UNT Carlos Hernandez, CFO and Vice President for Finance and Administration UNT Dallas</td>
<td>8/31/2013</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Intra-System/Interagency Review</td>
<td>Documentation related to the Intra System Agreements between UNT and UNT Dallas does not meet best practice standards.</td>
<td>Moderate</td>
<td>Discuss and document future Agreements before the beginning of the fiscal year. Document all FY agreements before the beginning of the fiscal year. Agreements will include signature authorization.</td>
<td>Jean Bush, Senior Associate Vice President for Finance UNT Carlos Hernandez, CFO and Vice President for Finance and Administration UNT Dallas</td>
<td>8/31/2013</td>
<td>Closed</td>
<td></td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Mean Green Club Review</td>
<td>Non-Compliance with UNT Policy 7.2 – The procedure for accepting and processing Mean Green Club donations is not in compliance with UNT policy 7.2, Fundraising and Private Support.</td>
<td>Moderate</td>
<td>Coordinate with the Office of Development to be in compliance with UNT policy 7.2, Fundraising and Private Support.</td>
<td>Dan Johnston, Athletic Advancement, Director of Advancement, Mike Ashbaugh, Senior Associate Athletics Director for Business Operations, and Troy Taylor, Assistant Athletic Director Business Operations.</td>
<td>9/3/2013</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Mean Green Club Review</td>
<td>Inappropriately Retaining Credit Card Information – The Mean Green Club is inappropriately retaining credit card information.</td>
<td>Moderate</td>
<td>Dispose of credit card information in a secure manner when there is no longer an immediate need for the information. As discussed with the Audit staff, all but the last four digits of the credit card number submitted on Mean Green Club renewal forms will be redacted so as to protect the information. Current stored data will be corrected beginning immediately.</td>
<td>Troy Taylor, Assistant Athletic Director, Business Operations and Joasia Hulkebosch, Mean Green Club Director</td>
<td>7/30/2013</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Embodiment Review</td>
<td>Non-Compliance with Memorandum of Understanding (MOU) Requirements of The Cape Hutton Foundation Scholarship Endowment – A report, containing academic year ending information about the fund, was not prepared and distributed to the donor. In addition, monitor the process for effectiveness to ensure compliance with MOU requirements.</td>
<td>Low</td>
<td>Develop a process to ensure annual reports are prepared and distributed to the donor. In addition, monitor the process for effectiveness to ensure compliance with MOU requirements.</td>
<td>Rachel Kinnell, Assistant Director of Donor Relations under the management of Kim Bevold, Senior Director of Annual Giving and Donor Relations</td>
<td>3/15/2013</td>
<td>Closed</td>
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<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
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<td>Risk Level</td>
<td>Recommendation Details</td>
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<td>Expected Implementation Date</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Endowment Review</td>
<td>UNT</td>
<td>Non-Compliance with Memorandum of Understanding (MOU) Requirements of The J. C. Penney Lectureship in Merchandising Endowment – Faculty development expenditures for FY 2013 exceeded the MOU provision that up to fifty percent (50%) of the annual distribution may be used to support faculty development.</td>
<td>Low</td>
<td>Develop a process to ensure Faculty development expenditures do not exceed fifty percent (50%) of the annual distribution. In addition, monitor the process for effectiveness to ensure compliance with MOU requirements.</td>
<td>CMHT has opened a new disbursement deptID 73085 so it will be easier to monitor spending. The percent of expense for faculty development is documented on a spreadsheet and maintained for this deptID.</td>
<td>Judith Finnity, Ph.D., Dean of CMHT</td>
<td>12/31/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>UNT Dallas Work Study Student Mentorship-Contract</td>
<td>UNT Dallas</td>
<td>Three student workers were paid under the Work-Study Student Mentorship-Program without meeting the eligibility requirements. Specifically, two students did not meet the employment requirement and one student did not meet the financial need requirement.</td>
<td>Moderate</td>
<td>Discuss with the Office of Research Services how to proceed with the sponsor regarding the funds already disbursed to ineligible students.</td>
<td>It will discuss with the Office of Research Services how to proceed with the sponsor regarding funds disbursed to ineligible students follow sponsor’s instructions.</td>
<td>Gloria B. Bahamonde, Assistant Provost for College Readiness</td>
<td>2/28/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>UNT Dallas Work Study Student Mentorship-Contract</td>
<td>UNT Dallas</td>
<td>Three student workers were paid under the Work-Study Student Mentorship-Program without meeting the eligibility requirements. Specifically, two students did not meet the employment requirement and one student did not meet the financial need requirement.</td>
<td>Moderate</td>
<td>Develop a consistent process for verifying student eligibility each semester.</td>
<td>Although there is a process in place to determine eligibility before mentors are hired, there is a need to improve the process and modify the guidelines, Eligibility will be verified in every semester after the 120th day of class (January day). Mentors will be required to inform the PI of changes in their academic status that may affect their eligibility to continue in the program. They will be required to report the change as soon as it occurs. Mentors will sign an acknowledgement to document that they received the guidelines and agree to follow these guidelines.</td>
<td>Gloria B. Bahamonde, Assistant Provost for College Readiness</td>
<td>2/28/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Animal Care Review</td>
<td>UNT</td>
<td>Animal care and use training is not sufficiently documented or monitored.</td>
<td>Moderate</td>
<td>Develop a system for monitoring and documenting the type of animal care and use training personnel have received.</td>
<td>CMED and the IACUC Chair will implement requirements for completion of online training for all personnel involved in animal care and use protocols before the protocol can be approved by the IACUC. This training will be offered through the Collaborative Institutional Training Initiative (CITI) program administered by the University of Miami School of Medicine. Completion of both or CITI basic IACUC course and a species-specific course (as available) will be required.</td>
<td>Dr. Kenneth Sewell, Associate Vice President for Research</td>
<td>By the end of the fall 2013 semester</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Animal Care Review</td>
<td>UNT</td>
<td>The key paid entry code to the Science Research Building’s Animal Care Facility is not changed periodically, or when personnel change.</td>
<td>Moderate</td>
<td>Develop a process and procedure for changing the entry codes into the Animal Care Facility of the Science Research Building.</td>
<td>The Office of Research &amp; Economic Development will work with the Facility Manager for UNT’s primary animal facility in the Science Research Building to implement a procedure under which the security code for the facility will be changed at least every three months.</td>
<td>Dr. Kenneth Sewell, Associate Vice President for Research</td>
<td>By the end of the fall 2012 semester</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Employment Waver Review</td>
<td>UNT</td>
<td>Incorrectly Reporting Employment Waivers – Student Accounting and University Cashiering Services is incorrectly reporting the number of Employment Waivers awarded.</td>
<td>Moderate</td>
<td>Modify the process for Employment Waivers to ensure waivers are properly coded.</td>
<td>Management has modified the business process to ensure Employment Waivers are properly classified and accurately reported in IFRS reporting.</td>
<td>Kyle Godinez, Sr. Director Student Accounting and University Cashiering Services</td>
<td>2/2/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Employment Waver Review</td>
<td>UNT</td>
<td>Incorrectly Reporting Employment Waivers – Student Accounting and University Cashiering Services is incorrectly reporting the number of Employment Waivers awarded.</td>
<td>Moderate</td>
<td>Modify the process for IFRS reporting to ensure Employment Waivers are reported in the correct category, either TEC 54.211 or TEC 54.212.</td>
<td>Management has modified the business process to ensure Employment Waivers are properly classified and accurately reported in IFRS reporting.</td>
<td>Kyle Godinez, Sr. Director Student Accounting and University Cashiering Services</td>
<td>2/2/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Employment Waver Review</td>
<td>UNT</td>
<td>Insufficient Review and Approval – There is not sufficient independent review and approval of Employment Waivers prior to processing.</td>
<td>Moderate</td>
<td>Modify the section of the UNT Policy Manual to reflect the Employment Waiver must be signed by dean of the graduate school or “her or his designee.”</td>
<td>Change wording of the Section 2.2.10 of the UNT Policy Manual to reflect the Employment Waiver must be signed by dean of the graduate school or “her or his designee.”</td>
<td>Mike Wardell, Dean, The Toulouse Graduate School</td>
<td>2/2/2013</td>
<td>Closed</td>
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<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individual Responsible for Implementation</td>
<td>Expected Implementation Date</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>2013</td>
<td>Finance</td>
<td>Employment Waiver Review</td>
<td>UNT</td>
<td>Insufficient Review and Approval – There is not sufficient, independent review and approval of Employment Waivers prior to processing.</td>
<td>Moderate</td>
<td>The designated independent reviewer/approver should ensure that Employment Waivers are awarded in accordance with eligibility requirements.</td>
<td>Change Employment Waiver form to include three questions to help programs determine eligibility. Change Employment Waiver form to include graduate dean’s signature.</td>
<td>Mark Wardell, Dean, The Toulouse Graduate School</td>
<td>8/1/2013</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>2013</td>
<td>Finance</td>
<td>Employment Waiver Review</td>
<td>UNT</td>
<td>Insufficient Review and Approval – There is not sufficient, independent review and approval of Employment Waivers prior to processing.</td>
<td>Moderate</td>
<td>Either comply with UNT Policy 2.2.10 by requiring approval by the dean of the graduate school or revise the policy to reflect the actual process for awarding Employment Waivers.</td>
<td>Change processing procedure to require graduate dean’s signature prior to final approval by Student Accounting Office.</td>
<td>Mark Wardell, Dean, The Toulouse Graduate School</td>
<td>8/1/2013</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>2013</td>
<td>Academic and Students</td>
<td>Student Worker Review</td>
<td>UNT</td>
<td>There is no process in place to reasonably assure that individuals in positions that require enrollment are actually enrolled.</td>
<td>Low</td>
<td>The UNT Career Center, Provost’s Office, and UNT Human Resources should coordinate to establish a process to reasonably assure that students in positions that require enrollment are actually enrolled.</td>
<td>Write a new overarching policy for student employment positions, as well as, develop operational procedures for the various job codes connected to the new overarching policy.</td>
<td>Yolanda Herrmann, Senior Vice Provost for Academic and Student Life, Turtle Borchardt, Assistant Director for Academic and Student Life</td>
<td>9/1/2013</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>2013</td>
<td>Academic and Students</td>
<td>Student Worker Review</td>
<td>UNT</td>
<td>Internal Audit identified five UNT policies related to student employment that require enrollment; however, not all policies contain the same enrollment requirements.</td>
<td>Low</td>
<td>The UNT Career Center, Provost’s Office, and UNT Human Resources should evaluate and modify UNT policies related to student employment so enrollment requirements are as consistent as possible.</td>
<td>Write a new overarching policy for student employment positions, as well as, develop operational procedures for the various job codes connected to the new overarching policy.</td>
<td>Yolanda Herrmann, Senior Vice Provost for Academic and Student Life, Turtle Borchardt, Assistant Director for Academic and Student Life</td>
<td>9/1/2013</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>2013</td>
<td>Academic and Students</td>
<td>Student Worker Review</td>
<td>UNT</td>
<td>Internal Audit identified five UNT policies related to student employment that require enrollment; however, not all policies contain the same enrollment requirements.</td>
<td>Low</td>
<td>The UNT Career Center, Provost’s Office, and UNT Human Resources should develop supplemental procedures to assist University departments in determining the correct job code.</td>
<td>Write a new overarching policy for student employment positions, as well as, develop operational procedures for the various job codes connected to the new overarching policy.</td>
<td>Yolanda Herrmann, Senior Vice Provost for Academic and Student Life, Turtle Borchardt, Assistant Director for Academic and Student Life</td>
<td>9/1/2013</td>
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<td>Internal / External</td>
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<td>Audit Category</td>
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<td>Key Observations Details</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Student Worker Review</td>
<td>The Controller's Office does not notify an employee's supervisor and Vice President of indebtedness to the University as required by UNT Policy 2.2.26. Employee indebtedness owed to the University. Additionally, Student Accounting and Cashiering Services (SACS) is not sending a report detailing employee indebtedness to the Controller's office, as required by UNT Policy 2.2.26.</td>
<td>Low</td>
<td>SACS should produce an employee debt report that identifies all employees that owe money to the university. Subsequently, the Controller's Office should notify employees' supervisors and Vice Presidents of indebtedness to the University as required by policy.</td>
<td>Moderate</td>
<td>Increase the committee is now established, UNT Dallas administrators should develop a process to insures the SSFAC remains a formal, working committee and that report from the committee is observed, regarding the establishment or changes to the type, amount, and expenditure of student service fees as provided by the Texas Education Code. The process should consist of establishing a university policy that is aligned with requirements of Texas Education Code 54.5031 and include operational procedures to govern activities of the SSFAC.</td>
<td>The Director of Student Life has renewed TEC 54.5031 and Student Service Fee Advisory Committee (SSFAC) standards, which describes membership (elected &amp; appointed), SSFAC charge, terms of service, operating procedures, and process by which the SSFAC effectively reviews, discusses, and renders its recommendation to the University Leadership. In an effort to clarify why the majority of implementation dates are prior to the date of the audit report, it's important to note that this audit occurred April 2012 through May 24, 2013, and a number of corrective steps had already occurred well before the audit report was available.</td>
<td>Dr. Jared Cobb, Director of Student Life</td>
<td>2/1/2013</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>UNT Dallas Student Service Fees Review</td>
<td>UNT Dallas</td>
<td>Noncompliance with Texas Education Code 54.5031 – UNT Dallas Administrators failed to establish a Student Service Fee Advisory Committee (SSFAC) as required by Texas Education Code 54.5031. Having no policy to govern and procedure for the guidance of student service fees contributed to the noncompliance.</td>
<td>Moderate</td>
<td>Obtain SSFAC-recommendations regarding the allocation, disbursement and expenditure of the $319,955.38 held in reserve account 301011.</td>
<td>Moderate</td>
<td>Provide SSFAC members the training opportunities needed for service on the Student Service Fee Advisory Committee and for performing the duties outlined in Texas Education Code 54.5031.</td>
<td>The Student Service Fee Advisory Committee (SSFAC) was informed of the additional funding from UNT Dallas reserve account 310111 and asked to consider various renovations which would enhance Student Life at UNT Dallas. After several discussions, forums, etc. SSFAC recommend five (5) projects to the President's office for approval. Cost of projects totaled $191,000.00. Additional projects will be identified and voted on once the first slate of projects has been completed. This will allow us to properly evaluate the best use of the remaining $120,955.38 and to provide additional funding in the event unforeseen expenses arise during implementation of the approved improvements.</td>
<td>Dr. Jared Cobb, Director of Student Life</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>UNT Dallas Student Service Fees Review</td>
<td>UNT Dallas</td>
<td>Training - Training provided did not adequately prepare the Student Service Fee Advisory Committee (SSFAC) members to perform the duties as outlined in Texas Education Code 54.5031.</td>
<td>Moderate</td>
<td>Provide SSFAC members the training opportunities needed for service on the Student Service Fee Advisory Committee and for performing the duties outlined in Texas Education Code 54.5031.</td>
<td>Moderate</td>
<td>The Student Service Fee Advisory Committee (SSFAC) will go through training prior to the review, discussion, and recommendation in the use of any Student Service Fee monies. Training will be conducted by University liaison to the SSFAC and/or Associate Provost of Student Success.</td>
<td>Dr. Jared Cobb, Director of Student Life</td>
<td>2/1/2014</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>UNT Dallas Student Service Fees Review</td>
<td>UNT Dallas</td>
<td>Conflict of Interest - The advisor to the Student Service Fee Advisory Committee has a conflict of interest in that the advisor's salary is subject to the committee's annual allocation and approval process.</td>
<td>Moderate</td>
<td>The advisor to the Student Service Fee Advisory Committee should consider the following management actions: a) Remove as advisor to the committee; b) Fund the advisor's salary through a source other than Student Service Fees; or c) Remove the advisor role to another employee whose salary is not dependent on the committee's annual allocation and approval decision.</td>
<td>Moderate</td>
<td>University will assign a liaison to the Student Service Fee Advisory Committee (SSFAC) whose salary is not subject to the committee's annual allocation and approval process. Liaison moving forward will be Director of Student Life and/or other degree by the Associate Provost of Student Success who meets the qualifications outlined above.</td>
<td>Dr. Charlotte Tullos, Associate Provost of Student Success</td>
<td>10/1/2012</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Academic and Students</td>
<td>UNT Dallas Student Service Fee Review</td>
<td>UNT Dallas</td>
<td>Conflict of Interest - The chief student affairs administrator served in positions that present a potential conflict of interest between the UNT Dallas Administration and the Student Service Fee Advisory Committee.</td>
<td>Moderate</td>
<td>The chief student affairs administrator should consider the following management actions: 1. Reassign as a voting member of the committee. 2. Manage the membership position to another employee or student. 3. Recuse oneself from participating in committee activities. 4. Abstain from voting on conflicting interests.</td>
<td>The University will appoint the Director of Student Life and/or other designee by the Associate Provost of Student Success to serve as liaison to the Student Service Fee Advisory Committee (SSFAC). Designee to committee will act in a liaison capacity and not be eligible to be a voting member of the SSFAC.</td>
<td>Dr. Charlotte Tullos, Associate Provost of Student Success</td>
<td>10/1/2012</td>
<td>Closed</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Finance</td>
<td>UNT Dallas Gift Review</td>
<td>UNT Dallas</td>
<td>Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.</td>
<td>Moderate</td>
<td>Coordinate with the individual responsible for research at UNT Dallas, the UNT Dallas CFO (Vice President Finance and Administration), and the ORS (UNT Office of Research Services), to clearly document Advancement’s role in managing and monitoring grants. University Advancement diagnoses that gifts and grants are being mismanaged and monitored. We believe that we have an effective system in place for gift management. With respect to grant management, University Advancement’s responsibility is to monitor and track grants to ensure donor intent is followed. University Advancement believes it is within its purview to manage private grants. Publicly funded grants should be managed by the Office of Research Services (ORS).</td>
<td>Update UNT Dallas policies and procedures after the meeting with ORS has concluded to ensure proper monitoring and management of gifts and grants.</td>
<td>Doug Smith, Vice President for University Advancement</td>
<td>2/1/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Finance</td>
<td>UNT Dallas Gift Review</td>
<td>UNT Dallas</td>
<td>Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.</td>
<td>Moderate</td>
<td>Coordinate with the UNT Dallas CFO and the ORS to update the intra-system cooperation agreement between UNT Dallas and ORS for services to support grant management. The updates should state the role of Advancement personnel in the grant management process. University Advancement commits to contact ORS and work through the roles and definitions of gifts and grants, as well as work with ORS and the UNT Dallas CFO regarding the contract modification to reflect the agreed upon roles and definitions.</td>
<td>University Advancement agrees to update department policies and procedures after the meeting with ORS has concluded.</td>
<td>Doug Smith, Vice President for University Advancement and Beverly Mendossa, Manager of Advancement Services</td>
<td>1/9/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Finance</td>
<td>UNT Dallas Gift Review</td>
<td>UNT Dallas</td>
<td>Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.</td>
<td>Moderate</td>
<td>Review the current report of all gifts and grants for UNT Dallas with ORS staff and determine which should be managed by ORS as defined by the ORS policy, and make appropriate changes where necessary. University Advancement commits to review current gifts and grants based on agreed-upon definitions and to delineate management/tracking roles after the meeting with ORS has concluded.</td>
<td>University Advancement agrees to update department policies and procedures after the meeting with ORS has concluded.</td>
<td>Doug Smith, Vice President for University Advancement and Beverly Mendossa, Manager of Advancement Services</td>
<td>1/9/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Finance</td>
<td>UNT Dallas Gift Review</td>
<td>UNT Dallas</td>
<td>Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.</td>
<td>Moderate</td>
<td>Update all management reporting to the Board of Regents, where applicable, regarding UNT Dallas to clearly delineate between gifts and grants as defined by ORS UNT. University Advancement agrees to update reporting methods for the Board of Regents based upon the agreed-upon definitions of gifts and grants after the meeting with ORS has concluded.</td>
<td>University Advancement agrees to update department policies and procedures after the meeting with ORS has concluded.</td>
<td>Doug Smith, Vice President for University Advancement and Beverly Mendossa, Manager of Advancement Services</td>
<td>1/9/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Finance</td>
<td>UNT Dallas Gift Review</td>
<td>UNT Dallas</td>
<td>Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.</td>
<td>Moderate</td>
<td>Update UNT Dallas gift policies and procedures where applicable based on the updated agreement. Coordinate training for Advancement and faculty personnel from ORS to detail roles and responsibilities regarding grant management. University Advancement agrees to update department policies and procedures after the meeting with ORS has concluded.</td>
<td>University Advancement agrees to update department policies and procedures after the meeting with ORS has concluded.</td>
<td>Doug Smith, Vice President for University Advancement and Beverly Mendossa, Manager of Advancement Services</td>
<td>1/9/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Finance</td>
<td>UNT Dallas Gift Review</td>
<td>UNT Dallas</td>
<td>Procedures for managing, tracking, monitoring and reporting gifts are currently being developed in conjunction with the implementation of the Raisers Edge software system.</td>
<td>Moderate</td>
<td>Update and reconcile current gift processing procedures with UNT policies and procedures already established. Ensure UNT policies and procedures are followed and enforced where required in relation to any and all intra-system cooperation agreement and accreditation requirements. University Advancement continues to assess gift processing procedures to ensure the implementation of Raisers Edge and implementation of the Raisers Edge software system.</td>
<td>University Advancement agrees to update department policies and procedures after the meeting with ORS has concluded.</td>
<td>Doug Smith, Vice President for University Advancement and Beverly Mendossa, Manager of Advancement Services</td>
<td>1/9/2013</td>
<td>Closed</td>
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<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report was Issued</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individual Responsible for Implementation</td>
<td>Expected Implementation Date</td>
<td>Recommendation Status</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>2013</td>
<td>Finance</td>
<td>UNT Dallas Gift Review</td>
<td>UNT Dallas</td>
<td>Procedures for managing, tracking, and reporting gifts are currently being developed in conjunction with the implementation of the Raisers Edge software system.</td>
<td>Moderate</td>
<td>Update and document controls and processing procedures for gifts in the new Raisers Edge fundraising and donor management system. Work with UNT Advancement personnel to implement the new system and coordinate user access and data entry procedures and controls.</td>
<td>University Advancement commits to update and document controls and processing procedures that reflect Raisers Edge implementation, the new relationship with UNT Dallas Foundation, and staffing resources.</td>
<td>Doug Smith, Vice President for University Advancement and Beverly Kendzia, Manager of Advancement Services</td>
<td>9/14/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNT Dallas Gift Review</td>
<td>UNT Dallas</td>
<td>Procedures for managing, tracking, and reporting gifts are currently being developed in conjunction with the implementation of the Raisers Edge software system.</td>
<td>Moderate</td>
<td>Determine any changes to management reporting based on the implementation and use of the new system.</td>
<td>University Advancement commits to assess and continually update gift processing procedures.</td>
<td>Doug Smith, Vice President for University Advancement and Beverly Kendzia, Manager of Advancement Services</td>
<td>9/14/2012</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNTS Enterprise Audit Report</td>
<td>UNTS Enterprises at Dallas</td>
<td>Segregation of duties – one individual was recording, depositing, and reconciling the cash received in the UCD Student Store.</td>
<td>Moderate</td>
<td>To the extent staffing levels permit, separate the duties of collecting, recording, depositing, and reconciling cash receipts among different individuals.</td>
<td>Monica Castill, UNTS will be in charge of duties during store operating hours. She will make all deposits and sign off on receipts at the end of the day. Araceli Cadena &amp; Eva Randles will count the money every Friday morning before bank deposit is made. (Araceli is the only key holder to the safe deposit box.) Eva Randles will write the bank deposit slip and Araceli will make the deposit to Wells Fargo and return a receipt to Eva Randles to confirm correct deposit was made. Eva Randles will continue to email a UCD Student Store report that includes a detailed bank deposit and any shortages или overages relevant for the week.</td>
<td>Monica Castill, UCD Student Store Cashier</td>
<td>9/14/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNTS Enterprise Audit Report</td>
<td>UNTS Enterprises at Dallas</td>
<td>Purchasing Cards – The use of purchasing cards was not consistent with policy.</td>
<td>Moderate</td>
<td>Follow the Purchasing Card Guide, specifically as it relates to: - Use of card for UNT business purposes only; - Completing Controlled Item Code Equipment Forms; - Unacceptable purchases such as memberships; and - Keeping a receipt for every purchase on file.</td>
<td>Receive forms before purchasing to identify that they are within Purchasing Card guidelines.</td>
<td>Ben O'Hare, Executive Director for the Universities Center at Dallas; Monica Rodriguez, Assistant to the Executive Director Eva Randles, Office Manager Araceli Cadena, Coordinator of Recruitment and Advising</td>
<td>9/14/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNTS Enterprise Audit Report</td>
<td>UNTS Enterprises at Dallas</td>
<td>Petty Cash – The change fund was used as petty cash.</td>
<td>Moderate</td>
<td>Follow policy as it relates to the use of petty cash: - Reimburse the change fund; and - Create a petty cash fund through PPS.</td>
<td>Universities Center at Dallas does not plan on creating a petty cash fund through PPS. UCD will continue to store $100 in change for the register which is never to be used as petty cash. Only one individual has access to the change box used for the register at the UCD student store. The change fund was reimbursed and continues to have a balance of $100.</td>
<td>Monica Castill, Coordinator of Recruitment and Advising</td>
<td>9/14/2012</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNTS Enterprise Audit Report</td>
<td>UNTS Enterprises at Dallas</td>
<td>Cash Register Funds – Cash was left overnight in the cash register inside the store.</td>
<td>Low</td>
<td>Safeguard cash by securing all funds outside of the student store when the store is closed.</td>
<td>One register has been closed for the night the money will be placed in a closed file cabinet. Only one individual will have access to this key and money.</td>
<td>Monica Castill, UCD Student Store Cashier</td>
<td>9/14/2012</td>
<td>Closed</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report was Issued</td>
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<td>Key Observations</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>Recreational Sports Office Cash Handling Review</td>
<td>UNT</td>
<td>The Recreational Sports Office has established effective and efficient procedures for handling cash. Additionally, controls have been established to comply with UNT Policies 2.2.1 and 2.2.1l.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Transition Review Office of Research and Economic Development</td>
<td>UNT</td>
<td>Our review of the processes and related controls and our testing indicated that the major business procedures and controls are adequate.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT Dallas President's Expenditures Review</td>
<td>UNT Dallas</td>
<td>The UNT Dallas President's travel and non-travel expenditures were in compliance with his employment agreement. Additionally, his compensation for fiscal year 2012 was compliant with his employment agreement.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Joint Admission Medical Program Review</td>
<td>UNTHSC</td>
<td>Overall, UNTHSC was in compliance with policies, procedures, laws, and regulations that could have a significant impact on JAMP operations and reports. All expenditures were in compliance with the guidelines and were properly classified on the Annual Expenditure Report for the fiscal year ended August 31, 2012. In addition, the annual report submitted to JAMP accurately reflects the financial activities of the program.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Chancellor's Expenditure Review</td>
<td>UNT System</td>
<td>Internal Audit observed a proactive approach to monitoring expenses and reimbursements, with a strong attention to detail and adherence to policy. This level of detail was evidenced through support documentation retained by the Office of the Chancellor. No observations were made during the review that required management action.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>NCAA Minimum Agreed Upon Procedures</td>
<td>UNTHSC</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>HSC President's Expenses Review</td>
<td>UNTHSC</td>
<td>Travel, entertainment, and business expenses for which the President was reimbursed, or that were paid on behalf of the President during fiscal year 2012, were in compliance with UNTHSC policies and the employment agreement. Additionally, expenditures reviewed were reasonable, appropriate, and documented as to business purpose.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal / External</td>
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<td>Fiscal Year</td>
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<td>Risk Level</td>
<td>Recommendation Details</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Finance</td>
<td>UNT Dallas Purchasing Card Review</td>
<td>UNT Dallas</td>
<td>Non-compliance with Business Service Center Purchasing Card Program Guidelines. - The following instances of noncompliance with the BSC program guidelines were noted:</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Annual UNTHSC Investment Review</td>
<td>UNTHSC</td>
<td>Overall, we found that investments were safeguarded, diversified, and provided sufficient liquidity to meet the reasonable anticipated financial needs of the UNTHSC. UNTHSC is in compliance with the Public Funds Investment Act (PFIA) and the state higher education investment reporting requirements.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Family Medicine Residency Program</td>
<td>UNTHSC</td>
<td>All expenditures were in compliance with the guidelines and were properly classified on the Annual Report for the fiscal year ended August 31, 2012. All THECB funds appropriated to UNTHSC were received and accounted for in accordance with the THECB guidelines.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>President's Expenditures Review</td>
<td>UNT</td>
<td>Overall, the President's travel, business and entertainment, and employment compensation comply with the employment agreement and UNT System Policies. Expenditures appear to be reasonable, appropriate, and well documented to provide assurance as to their business purpose.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Student-Managed Investment Fund Review</td>
<td>UNT</td>
<td>Annual Audit - The Student Investment Group did not ensure that an annual audit was performed by UNT accounting majors as required by the donor agreement.</td>
<td>Moderate</td>
<td>Establish an audit committee and ensure an annual audit is performed.</td>
<td>NA</td>
<td>Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law</td>
<td>8/1/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2013</td>
<td>Governance and Regulatory Compliance</td>
<td>Student-Managed Investment Fund Review</td>
<td>UNT</td>
<td>Annual Audit - The Student Investment Group did not ensure that an annual audit was performed by UNT accounting majors as required by the donor agreement.</td>
<td>Moderate</td>
<td>Develop strategies to engage accounting and auditing students to perform the annual audit.</td>
<td>NA</td>
<td>Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law</td>
<td>8/1/2013</td>
<td>Closed</td>
</tr>
</tbody>
</table>
UNT System Internal Audit
Fiscal Year: 2013
Goverance and Regulation Compliance

Risk Category: Student Managed Investment Fund Review
Risk Level: Moderate
Recommendation Details: Implement a process and procedure to audit the Ben E. Keith invoices to verify that UNT is billed in accordance with the contract terms with Ben E. Keith. We will be conducting periodic audits of the Ben E. Keith invoices and verifying the 6.5% margin is being enforced.

Required Implementation Date: 9/1/2014
Expected Implementation Date: 8/1/2014
Recommendation Status: Closed

Internal Audit
Fiscal Year: 2013
Academic and Students
Financial Aid Review

UNT System Internal Audit
Fiscal Year: 2013
Goverance and Regulation Compliance

Risk Category: Student Managed Investment Fund Review
Risk Level: Moderate
Recommendation Details: Develop a procedure to scan Retail Dining Service invoices and supporting documentation as required by the Delegated Voucher Payable Agreement with the UNT System Business Service Center.

Required Implementation Date: 8/1/2013
Expected Implementation Date: 8/1/2013
Recommendation Status: Closed

Internal Audit
Fiscal Year: 2013
Academic and Students
Finance, Insurance, Real Estate and Law

UNT System Internal Audit
Fiscal Year: 2013
Information Technology

Risk Category: Meaningful Use Stage 2 Attraction Review
Risk Level: Moderate
Recommendation Details: Implement a process and procedure to audit the Ben E. Keith invoices to verify that UNT is billed in accordance with the contract terms with Ben E. Keith.

Required Implementation Date: 8/1/2013
Expected Implementation Date: 8/1/2013
Recommendation Status: Closed

Internal Audit
Fiscal Year: 2013
Finance

UNT System Internal Audit
Fiscal Year: 2013
Finance

Risk Category: UNT Dining Services A/P Audit
Risk Level: Low
Recommendation Details: We are committed to completing the suggested electronic/scan Retail invoice as requested. We will be contacting our Retail Vendors and discussing the changes that are required by the University with regards to electronic/scanned invoicing and how we can streamline the process that works for both parties.

Required Implementation Date: 8/1/2013
Expected Implementation Date: 8/1/2013
Recommendation Status: Closed
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<tbody>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Space Planning Review</td>
<td>Moderate</td>
<td>Suggested Management Action for Director of Office of Space Management and Planning:</td>
<td>Conduct periodically a Space Inventory Survey preferably annually if possible, and update information into the Space Management System database in order to ensure that information recorded in the database is complete and accurate.</td>
<td>Cheryl Benningfield, Space Inventory Manager</td>
<td>4/6/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Space Planning Review</td>
<td>Moderate</td>
<td>Suggested Management Action for Director of Office of Space Management and Planning:</td>
<td>Provide appropriate training to another employee in order to ensure continuity of the Space Management System.</td>
<td>Cheryl Benningfield, Space Inventory Manager</td>
<td>5/1/2013</td>
<td>Closed</td>
</tr>
<tr>
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<td>Reporting Agency</td>
<td>Fiscal Year</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Parking Services Review</td>
<td>UNT</td>
<td>Parking Meter - Parking operations does not have adequate controls over parking meter receipts. Under current procedures employee theft could occur and remain undetected. Reported Receipts from meter parking for fiscal year 2012 were $448,884.</td>
<td>High</td>
<td>Parking and Transportation Services management should consider the following management actions:</td>
<td>Agreed. Written procedures are being developed addressing the collection, recording, depositing, and reconciliation of parking revenue. The written procedures being drafted for the Parking and Transportation Services operations will provide consistency, and guidance with regards to established University and departmental controls and procedures. Additional auditee comments: The parking office previously had written procedures and prior managers had been directed to update those procedures to maintain consistency with UNT policies and maintain accountability within the operation. Management within the operation was assigned and a new Director was recruited and hired effective January 2013.</td>
<td>Geary L. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Parking Services Review</td>
<td>UNT</td>
<td>Parking Meter - Parking operations does not have adequate controls over parking meter receipts. Under current procedures employee theft could occur and remain undetected. Reported Receipts from meter parking for fiscal year 2012 were $448,884.</td>
<td>High</td>
<td>Parking and Transportation Services management should consider the following management actions:</td>
<td>Agreed. Written procedures are being developed addressing the collection, recording, depositing, and reconciliation of parking revenue. The written procedures being drafted for the Parking and Transportation Services operations will provide consistency, and guidance with regards to established University and departmental controls and procedures. Additional auditee comments: The parking office previously had written procedures and prior managers had been directed to update those procedures to maintain consistency with UNT policies and maintain accountability within the operation. Management within the operation was assigned and a new Director was recruited and hired effective January 2013.</td>
<td>Geary L. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services</td>
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<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Parking Services Review</td>
<td>UNT</td>
<td>Written Procedures - The Parking Office does not have written procedures addressing major business processes.</td>
<td>Moderate</td>
<td>Parking and Transportation Services management should consider the following management action:</td>
<td>Agreed. Written procedures are being developed addressing the collection, recording, depositing, and reconciliation of parking revenue. The written procedures being drafted for the Parking and Transportation Services operations will provide consistency, and guidance with regards to established University and departmental controls and procedures. Additional auditee comments: The parking office previously had written procedures and prior managers had been directed to update those procedures to maintain consistency with UNT policies and maintain accountability within the operation. Management within the operation was assigned and a new Director was recruited and hired effective January 2013.</td>
<td>Geary L. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services</td>
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<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Parking Services Review</td>
<td>UNT</td>
<td>The following equipment at the Linton Circle garage facility is either inoperable or not fully operable since May 2012.</td>
<td>Moderate</td>
<td>Evaluate and determine Parking garage operational and reporting needs.</td>
<td>Agreed. Parking and Transportation Services has evaluated and determined the Parking garage operational and reporting needs.</td>
<td>Geary L. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report was Issued</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Parking Services Review</td>
<td>UNT</td>
<td>The following equipment at the UT System garage facility is either inoperable or not fully operational since May 2012: • West Exit Booth — not operable, no power supplied to perform transactions, currently out for repair. • West Exit Verifier (stand-alone equipment) — not operable, internal Power Pod needs repair. In addition, access card reader not operable. • middle Exit Booth — partly operable, Power Pod is able to process locally, however the local system has lost the ability to communicate information to the ScanNet database. • Pay-Station Equipment — not operable, Power Pod needs repair.</td>
<td>Moderate</td>
<td>Determine whether to either maintain current garage operational systems and repair necessary equipment, or replace applicable equipment and/or software to meet the expectations and needs of the University parking garage operations.</td>
<td>Agreed. PTS is working with our software provider to resolve this issue. PTS is planning to develop a plan to maintain current garage operational systems and repair necessary equipment. The plan will include replacing applicable equipment and software to meet the expectations and needs of the University parking garage operations.</td>
<td>Gery J. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Parking Services Review</td>
<td>UNT</td>
<td>There is no reconciliation of the physical inventory of permits kept in the office to permits sold.</td>
<td>Moderate</td>
<td>Maintain a physical inventory record of permits with cumulative balances noting beginning balances, purchased additions, and permit renewals for each type of parking permit stored and locked in the storage-cage area and also for permits maintained in the cabinet in the front sales area.</td>
<td>Agreed. The maintaining of the physical inventory record of permits with cumulative balances noting beginning balances, purchased additions, and permit renewals for each type of parking permit stored and locked in the storage-cage area and also for permits maintained in the cabinet in the front sales area is being developed.</td>
<td>Gery J. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Parking Services Review</td>
<td>UNT</td>
<td>There is no reconciliation of the physical inventory of permits kept in the office to permits sold.</td>
<td>Moderate</td>
<td>Reconcile office inventoried permit usage to office sales documentation.</td>
<td>Agreed. PTS will reconcile office inventoried permit usage to office sales documentation.</td>
<td>Gery J. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Parking Services Review</td>
<td>UNT</td>
<td>Parking Office credit card receipts are not being reconciled to source transaction activity recorded in the T-2 and ScanNet systems.</td>
<td>Moderate</td>
<td>Reconcile Parking Office credit card receipts to original source transaction activity. Implementation ensures that credit card receipts are recorded and reconciled to transaction source documentation.</td>
<td>Agreed. PTS will reconcile Parking Office credit card receipts to original source transaction activity.</td>
<td>Gery J. Robinson, Ph.D., CAPP, Director, Parking and Transportation Services</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Enrollment Management Audit</td>
<td>UNT</td>
<td>None of the departments that process cash receipts were in compliance with UNT Policy 2.1.10.1. Cash Controls. Two departments had no written procedures and two other departments had inadequate written procedures.</td>
<td>Moderate</td>
<td>Ensure cash handling written procedures to include, but not limited to: • Reconciliation process; • Authorization of persons (named) to collect cash; • Separation of duties; and • Maintenance of cash receipts logs.</td>
<td>We will follow through with the suggestion management action plan.</td>
<td>Dr. Elizabeth Whi, Vice President for Student Affairs</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Enrollment Management Audit</td>
<td>UNT</td>
<td>None of the departments that process cash receipts were in compliance with UNT Policy 2.1.10.1. Cash Controls. Two departments had no written procedures and two other departments had inadequate written procedures.</td>
<td>Moderate</td>
<td>Frequently assist and review by Student Accounting and University Cashiering Services.</td>
<td>We will follow through with the suggestion management action plan.</td>
<td>Dr. Elizabeth Whi, Vice President for Student Affairs</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>Enrollment Management Audit</td>
<td>UNT</td>
<td>The Student Financial Aid and Scholarships department does not reflect bank account information on checks before scanning into Image Now.</td>
<td>Low</td>
<td>Attend the check scanning process to include redacting the bank account number and bank routing number before scanning into Image Now.</td>
<td>We will follow through with the suggestion management action plan.</td>
<td>Dr. Elizabeth Whi, Vice President for Student Affairs</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2013</td>
<td>Academic and Students</td>
<td>UNT Dallas Facilities Certification Review</td>
<td>UNT Dallas</td>
<td>Overall, based on the results of procedures performed, the facilities development projects and acquisitions of real property comply with rules established by the Texas Administrative Code and within the parameters specified in the project applications that were submitted to THECB.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal / External</td>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>University of North Texas System, UNT(\ast)SC &amp; UNT(\ast)SC Foundation Advancement Process Assessment</td>
<td>The Foundation deposits received and processed by the UNT(\ast)SC advancement function are deposited into separate bank accounts owned by UNT(\ast)SC and swept nightly into the general operating account for UNT(\ast)SC. In addition, UNT(\ast)SC and the Foundation share a Federal Employer Identification Number (FEIN). As UNT(\ast)SC and the Foundation are separate legal entities, deposits related to the Foundation receipts should not be combined with UNT(\ast)SC funds. Specifically:</td>
<td>NA</td>
<td>The Foundation should establish a unique FEIN. Application for new FEIN and related tax exempt status to be completed.</td>
<td>Establishment of separate bank account for Foundation operations to be completed.</td>
<td>Doug White, Vice President UNT(\ast)SC Institutional Advancement</td>
<td>8/31/2014</td>
</tr>
<tr>
<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
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<td>NA</td>
<td>The Foundation should establish a separate bank account to act as an operating account and create procedures for determining that UNT(\ast)SC and Foundation funds are deposited in the correct bank account to ensure that funds are properly segregated by legal entity. Establishment of separate bank account for Foundation operations to be completed.</td>
<td>Establishment of separate bank account for Foundation operations to be completed.</td>
<td>Doug White, Vice President UNT(\ast)SC Institutional Advancement</td>
<td>8/31/2014</td>
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<td>Fiscal Year 2014</td>
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<td>NA</td>
<td>Determine the amount of existing Foundation funds held in UNT(\ast)SC bank accounts and transfer these funds to the new Foundation bank account once the separate FEIN and letter of determination from the IRS are obtained. Establishment of separate bank account for Foundation Operations to be completed.</td>
<td>Establishment of separate bank account for Foundation operations to be completed.</td>
<td>Doug White, Vice President UNT(\ast)SC Institutional Advancement</td>
<td>8/31/2014</td>
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<td>Internal / External</td>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>University of North Texas System - UNTHSC &amp; UNTHSC Foundation Advancement Process Assessment</td>
<td>10 of 60 contributions sampled totaling $899,500.00 were written to UNTHSC and deposited to the UNTHSC bank account; however, they were posted to the general ledger as a Foundation contribution as the donor intent indicated the contribution was for the Foundation. The advancement function process consists of depositing contributions based on the donor’s intent instead of how the check was made payable.</td>
<td>NA</td>
<td>Donor intent should be followed; however, the check should be made payable to the correct legal entity prior to deposit. Working in collaboration with the Office of General Counsel, the UNTHSC advancement function should establish a process to resolve issues where donors’ checks are made payable to a legal entity in contradiction to supporting documentation, such as the donor’s letter of intent.</td>
<td>- All fundraising materials will state clearly that checks should be made payable to “UNTHSC Foundation” as a first step toward confirming donor intent. - All donor acknowledgement letters to donors will be sent an UNTHSC Foundation letterhead and contain explicit language confirming deposit of funds to the Foundation. - On occasions when checks are made payable to UNTHSC but clear intent is for deposit to UNTHSC Foundation, donor will be contacted to either reissue check or provide written confirmation (email) of intent to make gift payable to Foundation.</td>
<td>Doug White, Vice President UNTHSC Institutional Advancement</td>
<td>NA</td>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
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<td>NA</td>
<td>The UNTHSC advancement function should provide training and education to UNTHSC advancement personnel to communicate with donors on deposit requirements.</td>
<td>- The UNTHSC advancement function should ensure deposits are properly and in a timely manner; $225,000.00 of funds submitted are still pending deposit.</td>
<td>Doug White, Vice President UNTHSC Institutional Advancement</td>
<td>NA</td>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>University of North Texas System - UNTHSC &amp; UNTHSC Foundation Advancement Process Assessment</td>
<td>There is a cash handling policy for UNTHSC which requires cash or check deposits to be sent to the Cashier’s Office within 3 business days upon receipt to reduce the risk that checks could be misplaced, misplaced, or not deposited. However, through interviews, it was noted the UNTHSC advancement function does not strictly adhere to this policy, which presents a risk that checks could be misplaced, misplaced, or not deposited.</td>
<td>NA</td>
<td>The UNTHSC advancement function should follow the UNTHSC Cash Handling policy and establish a monitoring process to provide assurance donations are submitted to the Cashier’s Office within 3 business days of receipt. Recommendation has been implemented, with a check logging system now in use to confirm compliance with this policy.</td>
<td>- Recommendation has been implemented, with a check logging system now in use to confirm compliance with this policy.</td>
<td>Doug White, Vice President UNTHSC Institutional Advancement</td>
<td>NA</td>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>University of North Texas System - UNTHSC &amp; UNTHSC Foundation Advancement Process Assessment</td>
<td>Current business practice is to record contributions received in Raiser’s Edge within 3 days of receipt; however, there is no UNTHSC advancement policy requiring contributions to be recorded in a timely manner, raising a risk that contributions received are not recorded and not recorded in Raiser’s Edge and subsequently to the general ledger.</td>
<td>NA</td>
<td>The UNTHSC advancement function should establish a policy and communicate requiring contributions to be recorded in Raiser’s Edge within 3 business days of receipt. Practice has been formalized with appropriate staff.</td>
<td>- Practice has been formalized with appropriate staff.</td>
<td>Doug White, Vice President UNTHSC Institutional Advancement</td>
<td>NA</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>University of North Texas System - UNTHSC &amp; UNTHSC Foundation Advancement Process Assessment</td>
<td>UNTHSC, UNTHSC Foundation</td>
<td>7 of 56 general ledger postings totaling $1,896,910.42 were posted to the clearing or operating Dept/D of the advancement function and not to the permanent Dept/D. The review process for the clearing account Dept/D is not performed monthly and does not receive appropriate approvals. A running balance is maintained in the clearing Dept/D and expenditures are being made out of the account, which could potentially misstate the financial position if contributions recorded to this foundation Dept/D are meant for UNTHSC. This issue has also been noted on previous UNTS Internal Audit reports to UNTHSC.</td>
<td>NA</td>
<td>The UNTHSC advancement function should document the purpose of the Clearing Dept/D and determine the Dept/D is only used for those purposes.</td>
<td>Monthly reconcile has been enacted, with all transfers from the Clearing Dept/D requiring review and approval of the VP of Institutional Advancement.</td>
<td>Doug White, Vice President UNTHSC Institutional Advancement</td>
</tr>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
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<td>UNTHSC, UNTHSC Foundation</td>
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<td>NA</td>
<td>The UNTHSC advancement function should prepare a reconciliation of the clearing Dept/D identifying gifts, deposits, and expenditures that make up the balance.</td>
<td>Monthly reconcile has been enacted, with all transfers from the Clearing Dept/D requiring review and approval of the VP of Institutional Advancement.</td>
<td>Doug White, Vice President UNTHSC Institutional Advancement</td>
</tr>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>University of North Texas System - UNTHSC &amp; UNTHSC Foundation Advancement Process Assessment</td>
<td>UNTHSC, UNTHSC Foundation</td>
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<td>NA</td>
<td>The UNTHSC advancement function should reconcile the clearing Dept/D monthly, and make a clarification of outstanding gifts or deposits to permanent Dept/Ds.</td>
<td>Monthly reconcile has been enacted, with all transfers from the Clearing Dept/D requiring review and approval of the VP of Institutional Advancement.</td>
<td>Doug White, Vice President UNTHSC Institutional Advancement</td>
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<td>External</td>
<td>Deloitte &amp; Touche in conjunction with UNT System Internal Audit</td>
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<td>UNTHSC, UNTHSC Foundation</td>
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<td>NA</td>
<td>The UNTHSC advancement function should not allow expenditures to be posted to the Clearing Dept/D.</td>
<td>Monthly reconcile has been enacted, with all transfers from the Clearing Dept/D requiring review and approval of the VP of Institutional Advancement.</td>
<td>Doug White, Vice President UNTHSC Institutional Advancement</td>
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</tbody>
</table>
**Internal / External** | **Reporting Agency** | **Fiscal Year Reported** | **Audit Category** | **Report Name** | **Component Institution** | **Key Observations** | **Risk Level** | **Recommendation Details** | **Management Response** | **Individual Responsible for Implementation** | **Expected Implementation Date** | **Recommendation Status**
---|---|---|---|---|---|---|---|---|---|---|---|---
External | Deloitte & Touche in conjunction with UNT System Internal Audit | Fiscal Year 2014 | Finance | University of North Texas System - UNTHSC & UNT System Foundation Advancement Process Assessment | UNTHSC, UNTHSC Foundation | A lack of segregation of duties exists between the personnel responsible for receiving contributions and recording in Raiser's Edge. There is not a current process to record mail or in-hand contributions on a receipt log as they are received by the UNTHSC advancement function, which increases the risk of contributions not being deposited upon receipt. | NA | The UNTHSC advancement function should establish a segregation of duties between receiving contributions and entering contributions into Raiser's Edge to provide for adequate checks and balances. | Doug White, Vice President UNTHSC Institutional Advancement | NA | Closed

External | Deloitte & Touche in conjunction with UNT System Internal Audit | Fiscal Year 2014 | Finance | University of North Texas System - UNTHSC & UNT System Foundation Advancement Process Assessment | UNTHSC, UNTHSC Foundation | A lack of segregation of duties exists between the personnel responsible for receiving contributions and recording in Raiser's Edge. There is not a current process to record mail or in-hand contributions on a receipt log as they are received by the UNTHSC advancement function, which increases the risk of contributions not being deposited upon receipt. | NA | The UNTHSC advancement function should establish a contribution receipt log to record donations received in person or through mail. The log should include the check number, payee name, amount, and date received. | Doug White, Vice President UNTHSC Institutional Advancement | NA | Closed

External | Deloitte & Touche in conjunction with UNT System Internal Audit | Fiscal Year 2014 | Finance | University of North Texas System - UNTHSC & UNT System Foundation Advancement Process Assessment | UNTHSC, UNTHSC Foundation | A lack of segregation of duties exists between the personnel responsible for receiving contributions and recording in Raiser's Edge. There is not a current process to record mail or in-hand contributions on a receipt log as they are received by the UNTHSC advancement function, which increases the risk of contributions not being deposited upon receipt. | NA | The UNTHSC advancement function should establish a process to reconcile the contribution receipt log monthly to Raiser's Edge and EIS to determine that contributions received have been recorded in Raiser's Edge. | Doug White, Vice President UNTHSC Institutional Advancement | NA | Closed

External | Deloitte & Touche in conjunction with UNT System Internal Audit | Fiscal Year 2014 | Finance | University of North Texas System - UNTHSC & UNT System Foundation Advancement Process Assessment | UNTHSC, UNTHSC Foundation | The bank reconciliation process performed by the UNTHSC accounting function does not review unrecorded items in a timely manner due to delays in receiving necessary transaction information from the Foundation. The August 2013 bank reconciliation for the Advancement account had two reconciling items over three months old in the total amount of $18,308.46, which could potentially misstate the financial position of UNTHSC if the reconciling items are determined inaccurate. | NA | The UNTHSC advancement and accounting functions should establish a policy indicating reconciling items should be resolved within one month. The UNTHSC advancement function should provide timely recording of transactions to facilitate timely reconciliations. | Doug White, Vice President UNTHSC Institutional Advancement | NA | Closed

External | Deloitte & Touche in conjunction with UNT System Internal Audit | Fiscal Year 2014 | Finance | University of North Texas System - UNTHSC & UNT System Foundation Advancement Process Assessment | UNTHSC, UNTHSC Foundation | A contribution log has been created and is assigned to a distinct member of the Advancement team for receipt and recording of all gifts received in person or through the mail. A contribution log is being reconciled monthly to ensure that all gifts on the log have been recorded in Raiser's Edge. | NA | The practice has been established and is in place. | Doug White, Vice President UNTHSC Institutional Advancement | NA | Closed

External | Deloitte & Touche in conjunction with UNT System Internal Audit | Fiscal Year 2014 | Finance | University of North Texas System - UNTHSC & UNT System Foundation Advancement Process Assessment | UNTHSC, UNTHSC Foundation | If contributions reviewed totaling $220,000 were not recorded in Raiser's Edge to the proper DeptID, One contribution totaling $10,000 was unable to be tested due to lack of supporting documentation provided. Without a review process prior to contributions being entered into Raiser's Edge, a risk exists that contributions are not recorded to the correct DeptID and potentially misstating the financial position of UNTHSC. | NA | The UNTHSC advancement function research and resolve the three exceptions noted. | Doug White, Vice President UNTHSC Institutional Advancement | NA | NA

External | Deloitte & Touche in conjunction with UNT System Internal Audit | Fiscal Year 2014 | Finance | University of North Texas System - UNTHSC & UNT System Foundation Advancement Process Assessment | UNTHSC, UNTHSC Foundation | If contributions reviewed totaling $220,000 were not recorded in Raiser's Edge to the proper DeptID, One contribution totaling $10,000 was unable to be tested due to lack of supporting documentation provided. Without a review process prior to contributions being entered into Raiser's Edge, a risk exists that contributions are not recorded to the correct DeptID and potentially misstating the financial position of UNTHSC. | NA | The UNTHSC advancement function should establish a policy requiring review of contributions received and then proposed DeptID prior to being recorded in Raiser's Edge. New practice has been instituted that requires a second member of the Advancement team for receipt of contributions to verify and ensure that contributions are assigned to the correct DeptID in Raiser's Edge. | Doug White, Vice President UNTHSC Institutional Advancement | NA | Closed
External

Deloitte & Touche in conjunction with UNT System Internal Audit

Fiscal Year: 2014

Audit Category: Finance

Report Name: University of North Texas System - UNTHSC, UNTHSC Foundation - Advancement Process Assessment

Component Institution: UNTHSC, UNTHSC-Foundation

Key Observations: A reconciliation is not performed between the Raiser's Edge system, which acts as a subledger, to the EIS general ledger. Revenues generated by transaction processing and departmental ID transfers have not been properly recorded to the general ledger as indicated by Raiser's Edge. Three contributions analyzed totaling $30,018.08 were not properly recorded to the general ledger based on how the contribution was recorded in Raiser's Edge.

Risk Level: NA

Recommendation Details: Research and resolve the three exceptions noted.

Management Response: NA

Individual Responsible for Implementation: Doug White, Vice President UNTHSC Institutional Advancement

Expected Implementation Date: NA

Recommendation Status: NA

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External

Deloitte & Touche in conjunction with UNT System Internal Audit

Fiscal Year: 2014

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Risk Level: NA

Recommendation Details: The Foundation should work with the UNTHSC Accounting Office to establish a policy to perform a monthly reconciliation between the general ledger and Raiser's Edge to assess whether contributions recorded in Raiser's Edge were recorded to the correct DeptlD in the general ledger.

Management Response: A monthly reconciliation is now being conducted.

Individual Responsible for Implementation: Doug White, Vice President UNTHSC Institutional Advancement

Expected Implementation Date: NA

Recommendation Status: NA

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External

Deloitte & Touche in conjunction with UNT System Internal Audit

Fiscal Year: 2014

Audit Category: Finance

Report Name: University of North Texas System - UNTHSC, UNTHSC Foundation - Advancement Process Assessment

Component Institution: UNTHSC, UNTHSC-Foundation

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Risk Level: NA

Recommendation Details: The Foundation shall provide to the UNTHSC Accounting Office an adequate level of support for all journal entries prior to their posting to the general ledger.

Management Response: A monthly reconciliation is now being conducted.

Individual Responsible for Implementation: Doug White, Vice President UNTHSC Institutional Advancement

Expected Implementation Date: NA

Recommendation Status: NA

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External

Deloitte & Touche in conjunction with UNT System Internal Audit

Fiscal Year: 2014

Audit Category: Finance

Report Name: University of North Texas System - UNTHSC, UNTHSC Foundation - Advancement Process Assessment

Component Institution: UNTHSC, UNTHSC-Foundation

Key Observations: A closure does not exist requiring executive level review and approval of transfers from the UNTHSC operating account where general contributions are maintained to the Foundation investment account. Currently, the accounts are owned by UNTHSC and Foundation, respectively, and the legal ownership of the funds change through these transfers. The ability to transfer funds between bank accounts provides for an increased risk to the misuse of funds.

Risk Level: NA

Recommendation Details: The UNTHSC advancement function should establish a policy requiring documentation of executive level review and approval of transfer requests prior to the transfer being executed.

Management Response: A practice requiring executive level review and approval has been implemented.

Individual Responsible for Implementation: Doug White, Vice President UNTHSC Institutional Advancement

Expected Implementation Date: NA

Recommendation Status: NA

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External

Deloitte & Touche in conjunction with UNT System Internal Audit

Fiscal Year: 2014

Audit Category: Finance

Report Name: University of North Texas System - UNTHSC, UNTHSC Foundation - Advancement Process Assessment

Component Institution: UNTHSC, UNTHSC-Foundation

Key Observations: A closure does not exist requiring executive level review and approval of transfer transactions between DeptlDs prior to being posted to the general ledger. The ability to transfer funds between DeptlDs provides for an increased risk of misrepresentation of funds on the UNTHSC financial statements.

Risk Level: NA

Recommendation Details: The UNTHSC advancement function should establish a policy requiring executive level review and approval of DeptlD transfers prior to their posting to Raiser's EDGE and the general ledger.

Management Response: A practice requiring executive level review and approval of DeptlD transfers has been implemented.

Individual Responsible for Implementation: Doug White, Vice President UNTHSC Institutional Advancement

Expected Implementation Date: NA

Recommendation Status: NA

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External

Deloitte & Touche in conjunction with UNT System Internal Audit

Fiscal Year: 2014

Audit Category: Finance

Report Name: University of North Texas System - UNTHSC, UNTHSC Foundation - Advancement Process Assessment

Component Institution: UNTHSC, UNTHSC-Foundation

Key Observations: There is currently not a policy within the advancement function related to the review and approval of DeptlD addition, deletion, and modifications in the system. The ability to add, delete, or modify DeptlDs increases the risk that funds are misrepresented on the UNTHSC financial statements or that funds are recorded for a purpose in contradiction to the intent of the contribution.

Risk Level: NA

Recommendation Details: The UNTHSC advancement function should establish a policy requiring executive level review and approval of additions, deletions, or modifications of DeptlD code prior to affecting Raiser's Edge or the general ledger.

Management Response: A practice requiring executive level review/approval of DeptlD creation or alterations has been implemented.

Individual Responsible for Implementation: Doug White, Vice President UNTHSC Institutional Advancement

Expected Implementation Date: NA

Recommendation Status: NA

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External

Food and Drug Administration

Fiscal Year: 2014

Audit Category: Governance and Regulatory Compliance

Report Name: Protocol Compliance; TCOM/Medical Education

Component Institution: UNTHSC

Key Observations: None

Risk Level: NA

Recommendation Details: NA

Management Response: NA

Individual Responsible for Implementation: NA

Expected Implementation Date: NA

Recommendation Status: NA
<table>
<thead>
<tr>
<th>Internal / External</th>
<th>Reporting Agency</th>
<th>Fiscal Year</th>
<th>Audit Category</th>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
<th>Management Response</th>
<th>Individual Responsible for Implementation</th>
<th>Expected Implementation Date</th>
<th>Recommendation Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>State Auditor’s Office</td>
<td>Fiscal Year: 2014</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2013</td>
<td>UNT</td>
<td>For 3 (8 percent) of 60 students tested, the University of North Texas (University) did not submit corrections for changes in education credit amounts to the U.S. Department of Education as required; however, the University accurately verified all required information.</td>
<td>NA</td>
<td>The University should correct the batch process in its financial aid system so that it submits changes in education credit amounts to the U.S. Department of Education and adjusts applicants’ financial aid packages accordingly.</td>
<td>Management made changes to the batch process in EIS which allow education credit changes to be reported. All students affected were corrected.</td>
<td>Dena Guzman-Torres and Lacey Thompson</td>
<td>7/2/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor’s Office</td>
<td>Fiscal Year: 2014</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2014</td>
<td>UNT</td>
<td>For 13 (22 percent) of 60 students tested, the University did not accurately report the students’ enrollment status to NSLDS.</td>
<td>NA</td>
<td>The University should implement a formal process to accurately report status changes and effective dates for unofficially withdrawn students to NSLDS.</td>
<td>Management is attentive to the U.S. Department of Education requirements associated with Student Status Changes resulting from unofficial withdrawal. Management Response and Corrective Action Plan: Management has implemented business controls to ensure accurate and timely reporting to the National Student Clearinghouse and the National Student Loan Data System for this population of students</td>
<td>Bryan Heard</td>
<td>6/1/2013</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor’s Office</td>
<td>Fiscal Year: 2014</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2013</td>
<td>UNT</td>
<td>One (1 percent) of 70 direct cost transactions tested at the University of North Texas (University) was unallowable. For 1 (1 percent) of 70 direct cost transactions tested, the University incorrectly calculated the amount of the federal expenditure.</td>
<td>NA</td>
<td>The University should establish and implement procedures to ensure that it does not charge unallowable or incorrect costs to federal awards.</td>
<td>The UNT Business Service Center (BSC) agrees. The BSC has corrected the travel reimbursement and the payroll underpayment. The BSC has established business practices to address the recommendation, which include: Management Response and Corrective Action Plan 2012: -Provided additional training to Travel staff regarding unallowable expenses on federal funds. -Will participate in ongoing collaboration with the UNT Office of Research Services to enhance the audit process of travel expenditures to avoid unallowable charges to federal funds. -ERP (PeopleSoft) system now calculates partial months using an unrounded hourly rate of pay (2,080 hours). The manual calculation is no longer necessary. The University has implemented a process to calculate partial month salary payments. Auditors tested a sample of payroll transactions and determined that each transaction was allowable and calculated correctly. However, 1 of 15 travel expenditures tested was unallowable. The University reimbursed gratuity charges as part of a travel reimbursement. 2013 Update: The UNT Office of Research Services has a written procedure and training in place covering unallowable expenses on federal funds, including tips. The employee that approved the travel reimbursement that included the $19 was already aware of the procedure, but didn’t detect the unallowable charge during his regular review. The issue has been discussed with the employee, and will be reinforced further.</td>
<td>Briti Khroyak and Debbie Reynolds</td>
<td>12/5/2013</td>
<td>Closed</td>
</tr>
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<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Report Name</td>
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<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>State of Texas, Office of the Auditor</td>
<td>The University of North Texas did not ensure that vendors associated with 4 (40 percent) of 10 procurements tested that exceeded $25,000 were not suspended or debarred.</td>
<td>NA</td>
<td>The University should document its vendor suspension and debarment verifications for all procurements of at least $25,000.</td>
<td>The UNT System Business Service Center (BSC) agrees. The BSC has established business practices to address the recommendation, which include: Management Response and Corrective Action Plan 2012: - Added a clause/condition to the UNT System Purchase Order Terms and Conditions on 10/26/12. - Provided additional training to Purchasing staff on EPLS search and documentation requirements on 1/16/13. - Created a procedure to ensure all procurements of at least $25,000 are documented appropriately and are audited by management daily on 1/22/13. All Business Service Center Purchasing staff will be re-educated on the EPLS requirements and the need to maintain verification documentation. Purchasing Director/Manager will continue to audit for compliance on a daily basis. Management Response and Corrective Action Plan</td>
<td>Debbie Reynolds, Carolyn Cross, and Tina Koenig</td>
<td>12/16/2013</td>
<td>Closed</td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>State Agency, University, and Community College District</td>
<td>Not Fully Compliant with the Public Funds Investment Act. *Source: Findings listed are based upon reviews of the audit reports issued by the universities' internal or external auditors.</td>
<td>NA</td>
<td>None</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>NA</td>
<td>None</td>
<td>None</td>
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<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2013</td>
<td>NA</td>
<td>None</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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SORM recommends that UNTHSC work with the third-party vendor to replace the required caps on eyewash stations in the EAD Building, as per the OSHA and ANSI standards. A work order has been issued to replace the cap. Matthew Moncus, Director, Safety Office 6/30/2015 Closed

SORM recommends that UNTHSC replace the required nozzle caps on eyewash stations in the EAD Building, as per the OSHA and ANSI standards. Submitted work order to have the nozzle caps replaced with a type that is not easily broken. Matthew Moncus, Director, Safety Office 5/15/2015 Closed

SORM recommends that UNTHSC provide this information, either in the receptacle or on the circuit breaker. Work order has been submitted to replace all outlets near water fountains with GFCI outlets. Matthew Moncus, Director, Safety Office 6/30/2015 Closed

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SORM recommends that UNTHSC work with the third-party vendor and the UNTHSC maintenance personnel to ensure that all inspections, testing, and maintenance of the sprinkler systems conform to NFPA-25. If the vendor's procedures are out of compliance with this standard, SORM recommends that the university consider terminating the contract with this vendor as soon as possible, and contracting with a vendor who will comply with the standard. We will meet with the vendor and discuss inspection procedures, requirements, and evaluate if the vendor can meet our needs. If they cannot we will begin the process of selecting a new vendor. Matthew Moncus, Director, Safety Office 6/30/2015 Closed

SORM recommends that UNTHSC measure the levels during the consultation. NA None Corrective action was taken. NA NA NA

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SORM recommends that UNTHSC provide the necessary support for excluding $361,294 in expenditures from its SEFA. UNT asserted that it excluded those expenditures because it had a vendor relationship with other state entities; however, UNT could not provide support for that assertion. We will partner with our School of Public Health to perform exposure assessments on employees. Matthew Moncus, Director, Safety Office 5/30/2015 Open as of 12/13/15 SORM report: All SORM recommendations are open until the next SORM visit, in November, 2016.

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SORM recommends that UNTHSC provide the necessary support for excluding $361,294 in expenditures from its SEFA. UNT asserted that it excluded those expenditures because it had a vendor relationship with other state entities; however, UNT could not provide support for that assertion. We will partner with our School of Public Health to perform exposure assessments on employees. Matthew Moncus, Director, Safety Office 5/30/2015 Open as of 12/13/15 SORM report: All SORM recommendations are open until the next SORM visit, in November, 2016.
<p>| Internal /  | Reporting | Fiscal Year | Audit Category | Report Name | Component Institution | Key Observations | Risk Level | Recommendation Details | Management Response | Individual Responsible for Implementation | Expected Implementation Date | Recommendation Status |
| External | State Office of Risk Management | Fiscal Year 2014 | Governance and Regulatory Compliance | On-Site Consultation | UNTSHSC | 15-04-06 Safety: Fire Safety: Sprinkler Heads - SORM noted during the consultation that two sprinkler heads in the SAM Building (one on the fourth floor, one on the fifth floor) were covered in dirt and debris. One sprinkler head on the fifth floor was ingressed into the ceiling tile. In these conditions, these sprinkler heads will not function as designed by the manufacturer, and thereby present a fire hazard. | NA | SORM recommends that UNTSHSC repair these sprinkler heads, ensure that all inspections are done according to NFPA-25, and promptly correct any deficiencies once they are noted. | We will inspect the sprinkler heads more thoroughly and correct the deficiencies found. The Safety Office will assist in inspections to provide greater oversight in this task. A work order has been placed to repair the items observed during the inspection. | Matthew Moncus, Director, Safety Office | 8/31/2015 | Closed |
| External | State Office of Risk Management | Fiscal Year 2014 | Governance and Regulatory Compliance | On-Site Consultation | UNTSHSC | 15-04-07 Safety: Fire Safety: Electrical Panelboard - SORM noted during the consultation that an electrical panelboard in the Internal Audit Building was missing a required knockout, thereby creating a fire hazard. | NA | SORM recommends that UNTSHSC install the required knockout, per the National Electrical Code. | A work order has been submitted to replace the knockout in the panel. | Matthew Moncus, Director, Safety Office | 5/31/2015 | Closed |
| External | State Office of Risk Management | Fiscal Year 2014 | Governance and Regulatory Compliance | On-Site Consultation | UNTSHSC | 15-04-08 Safety: Fire Safety: Exit Sign - SORM noted during the consultation that an exit sign on the 5th floor of the MET was incorrectly indicating a path of travel. | NA | SORM recommends that UNTSHSC correct this sign to properly direct the flow of traffic in an emergency. | A work order has been submitted to change the signage. | Matthew Moncus, Director, Safety Office | 5/31/2015 | Closed |
| Internal | UNT System Internal Audit | Fiscal Year 2014 | Finance | UNT Endowment Review Audit | UNT | Students received scholarships from the Texas Apartment Association (TAA) that were not processed through the Office of Student Financial Aid and Scholarships (SFAS). Students enrolled in the Residential Property Management (RPM) degree program offered by the Department of Finance, Insurance, Real Estate and Law (FIREL) are eligible to apply for a scholarship from the TAA. Scholarships awarded by TAA are sent directly to the student. Consequently, the awards are not processed through SFAS. | Low | Recommendations for Chair of the FIREL Department: Coordinate with the Office of Financial Aid to determine the impact of the TAA scholarships received by any other awards in federal financial aid and if so, adjustments should be resolved and reported as required. Implementation will provide assurance that scholarships awarded by the Texas Apartment Association will be coordinated and processed through the Office of Student Financial Aid and Scholarships; compliance with federal regulations, University policy, SFAS guidelines, and MOU requirements will be achieved; and the overall control environment will be strengthened. | The donor established its own nonprofit organization to provide scholarships to students and makes the awards totally independent of the University. Management has no direct knowledge of which students receive the scholarships or in what amounts. To the best of management’s knowledge and belief, the funds are paid directly to the students. However, management has no direct knowledge of any such receipt. Since the scholarships are provided by an independent third party, students are required to report the scholarship amounts to SFAS. Management is not aware if any mechanism by which it is required to and/or can report scholarships made by third parties to UNT students of which management has no direct knowledge. Management agrees to consult with the UNT Office of Financial Aid to determine University policy and procedures related to any required reporting of scholarships made to UNT students by third parties when the award is not made by the department or program and is administered by an independent third party. Management agrees to comply with the policies and procedures prescribed by the Office of Financial Aid. | Marilyn I. Staff, Chair, FIREL | 1/27/2014 | Closed |
| Internal | UNT System Internal Audit | Fiscal Year 2014 | Finance | UNT Endowment Review Audit | UNT | The scholarship committee waived the minimum 3.25-GPA requirement to award a scholarship to a student. | Low | Recommendations for Director of the Professional Leadership Program (PLP): Administer endowment distributions in accordance with provisions of the MOU. | We agree that the procedure was not followed, although the donor was consulted for approval. 3: We will consult the UNT General Counsel to determine whether corrective action is needed for the award that was made. | Marilyn K. Wiley, Senior Associate Dean, College of Business | 1/1/2014 | Closed |</p>
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<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>UNT Endowment Review Audit</td>
<td>UNT</td>
<td>The scholarship committee waived the minimum 3.25-GPA requirement to award a scholarship to a student.</td>
<td>Low</td>
<td>Recommendations for Director of the Professional Leadership Program (PLP): Obtain documented approval (agreement) from stakeholders (donor, university, students, faculty, staff) as appropriate before modifying the provisions of an existing MOU. Generally, the approval should be documented in the same form as the original agreement.</td>
<td>We agree that the procedure was not followed, although the donor was consulted for approval.</td>
<td>We will call a meeting including the donor, the FIP director, and the PLP assistant director to discuss compliance for future awards and whether MOU modifications are needed, and document the results of the meeting.</td>
<td>Marilyn E. Wiley, Senior Associate Dean, College of Business</td>
<td>3/1/2014</td>
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<td>The scholarship committee waived the minimum 3.25-GPA requirement to award a scholarship to a student.</td>
<td>Low</td>
<td>Recommendations for Director of the Professional Leadership Program (PLP): Consult with Legal Counsel to determine if any or what corrective action needs to be taken. Implementation will provide assurance that stakeholders will be made aware of modifications to the gift agreement; compliance with provisions of the gift agreement will be achieved; potential loss of endowment funds and other gifts will be minimized; strained relations between donors and the University, which might affect future gifts will be deterred; and negative publicity and damage to the University’s reputation will be prevented.</td>
<td>We agree that the procedure was not followed, although the donor was consulted for approval.</td>
<td>We will call a meeting including the donor, the FIP director, and the PLP assistant director to discuss compliance for future awards and whether MOU modifications are needed, and document the results of the meeting.</td>
<td>Marilyn E. Wiley, Senior Associate Dean, College of Business</td>
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<td>UNT System Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Academic and Students</td>
<td>UNT Kristin Farmer Autism Audit</td>
<td>UNT</td>
<td>The UNT Kristin Farmer Autism Center’s (KFAC) Business Plan does not appear to be achievable. The KFAC’s Business Plan presents a detail cost structure for provided services at $5,500 per month per child, or $66,000 annually. KFAC is to service 40 children monthly generating an annual income of $2,640,000; however, the Center’s capacity can only operate with 20 full-time and additional part-time clients. Additionally, there is no presentation or explanation of how these services will be paid by the client. Examples would include insurance coverage, partnering with local school districts, or scholarships.</td>
<td>High</td>
<td>Management Action for the Vice Provost for Academic Resources and Dean of the College of Education: Establish a team with the knowledge and expertise to evaluate the KFAC’s Business Plan; Management Action for the Leadership Program (PLP): Consult with Legal Counsel to determine if any or what corrective action needs to be taken. Implementation will provide assurance that stakeholders will be made aware of modifications to the gift agreement; compliance with provisions of the gift agreement will be achieved; potential loss of endowment funds and other gifts will be minimized; strained relations between donors and the University, which might affect future gifts will be deterred; and negative publicity and damage to the University’s reputation will be prevented.</td>
<td>The Vice Provost for Academic Resources agrees with all the recommendations.</td>
<td>1. The Vice Provost for Academic Resources with the Dean of the College of Education to compose an evaluation team with the knowledge and expertise to evaluate the KFAC’s Business Plan. This team will consist of members of UNT and the community who can help to advise on individual components of the plan.</td>
<td>Dr. Allen Clark, Vice Provost for Academic Resources</td>
<td>4/1/2014</td>
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<td>High</td>
<td>Management Action for the Vice Provost for Academic Resources and Dean of the College of Education: Establish a team with the knowledge and expertise to evaluate the KFAC’s Business Plan; Management Action for the Leadership Program (PLP): Consult with Legal Counsel to determine if any or what corrective action needs to be taken. Implementation will provide assurance that stakeholders will be made aware of modifications to the gift agreement; compliance with provisions of the gift agreement will be achieved; potential loss of endowment funds and other gifts will be minimized; strained relations between donors and the University, which might affect future gifts will be deterred; and negative publicity and damage to the University’s reputation will be prevented.</td>
<td>The Vice Provost for Academic Resources agrees with all the recommendations.</td>
<td>1. The Vice Provost for Academic Resources with the Dean of the College of Education to compose an evaluation team with the knowledge and expertise to evaluate the KFAC’s Business Plan. This team will consist of members of UNT and the community who can help to advise on individual components of the plan.</td>
<td>Dr. Allen Clark, Vice Provost for Academic Resources</td>
<td>4/1/2014</td>
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### UNT Enterprise Audit Report Inventory

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<td>The UNT Kristin Farmer Autism Center’s (KFAC) Business Plan does not appear to be achievable. The KFAC’s Business Plan presents a detailed cost structure for provided services at $5,500 per month per child, or $66,000 annually. KFAC was to service 45 children monthly generating an annual income of $2,640,000; however, the Center’s capacity can only operate with 20 full-time and additional part-time clients. Additionally, there is no presentation or explanation of how these services will be paid for by the client examples which include insurance coverageartner with local school districts, or scholarships.</td>
<td>High</td>
<td>Management Action for the Vice Provost for Academic Resources and Dean of the College of Education: Perform a cost/benefit analysis of the KFAC and the UNT System Kristin Farmer Autism Center. The Vice Provost for Academic Resources agrees with all the recommendations.</td>
<td>Dr. Kevin Calihan, Executive Director of the Kristin Farmer Autism Center</td>
<td>4/15/2014</td>
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<td>The UNT Kristin Farmer Autism Center’s (KFAC) Business Plan does not appear to be achievable. The KFAC’s Business Plan presents a detailed cost structure for provided services at $5,500 per month per child, or $66,000 annually. KFAC was to service 45 children monthly generating an annual income of $2,640,000; however, the Center’s capacity can only operate with 20 full-time and additional part-time clients. Additionally, there is no presentation or explanation of how these services will be paid for by the client. Examples which include insurance coverage, partnering with local school districts, or scholarships.</td>
<td>High</td>
<td>Management Action for the Vice Provost for Academic Resources and Dean of the College of Education: Prepare a Memorandum of Understanding to document the financial funding agreements between the KFAC, the Provost Office and the University. Implementation will provide assurance that a thorough evaluation of future Centers and Institutes will be performed. Additionally, a cost/benefit analysis of the KFAC will be performed. The Vice Provost for Academic Resources agrees with all the recommendations.</td>
<td>Dr. Allen Clark, Vice Provost for Academic Resources</td>
<td>3/15/2014</td>
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<td>Internal</td>
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<td>Governance and Regulatory Compliance</td>
<td>UNTHSC Academic Medicine and College of Medicine</td>
<td>UNT</td>
<td>The UNTHSC Academic Medicine and College of Medicine (AMC) is a joint program with the University of North Texas Health Science Center (UNTHSC) and the University of North Texas (UNT). The AMC is designed to provide medical education and training in the form of residency programs.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>UNT</td>
<td>We performed a limited review of the control environment related to football ticket sales. We noted weaknesses related to complimentary and student tickets. These weaknesses included a lack of procedures for complimentary tickets and reconciliations of complimentary tickets or unused student tickets.</td>
<td>NA</td>
<td>We recommend that the Athletics department strengthen the controls related to complimentary tickets (including student tickets), develop procedures relating to complimentary tickets which should include documentation of each complimentary ticket recipient, and perform reconciliations of complimentary and student tickets.</td>
<td>Mike Ashbaugh, Troy Taylor</td>
<td>1/25/2014</td>
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<td>We performed a limited review of the control environment related to football ticket sales. We noted weaknesses related to complimentary and student tickets. These weaknesses included a lack of procedures for complimentary tickets and reconciliations of complimentary tickets or unused student tickets.</td>
<td>NA</td>
<td>We recommend that game guarantees be accrued in the financial reporting period when the contracts are executed.</td>
<td>Mike Ashbaugh</td>
<td>1/25/2014</td>
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<td></td>
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# UNTS Enterprise Audit Report Inventory

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<td>NCAA Bylaw 11.2.2, Athletically Related Income, requires annual reporting of all athletically related income and benefits from sources outside the institution. This reporting is to also be provided to the President. During the audit, Athletics did not have all required reports on file for fiscal year 2013. The forms were subsequently completed and no Third party compensation was received by the Athletics Department employees that met the criteria to be disclosed in the financial statements.</td>
<td>NA</td>
<td>We recommend that the Athletics Department develop a process for ensuring that all reports are obtained and completed appropriately, and determine if any additional steps are necessary for this process to be fully compliant with NCAA Bylaw 11.2.2.</td>
<td>The Athletic department has always collected all forms in a timely manner through the Compliance Officer. This year due to a change in the Compliance Officer, all forms were not collected. To alleviate this from happening again the athletic department will: 1. Reinforce the responsibility of the Compliance Officer to ensure a list of staff required to submit forms. 2. Meet with staff and department personnel to get each form signed and recorded on an Excel spreadsheet. 3. Athletic Director and Senior Associate Athletics Director for Business Affairs will set calendar reminders to meet with Compliance Officer and complete certification two weeks prior to required submission date. Athletics notes that forms for 2011 and 2012 were requested after the review and all forms were provided immediately. This is reinforcement that our procedures under normal circumstances have been followed.</td>
<td>Rick Villarreal, Mike Arbbaugh, Scott Hobbs</td>
<td>1/15/2014</td>
<td>Closed</td>
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<td>UNT</td>
<td>Future game guarantees are not recorded when contracts are executed.</td>
<td>NA</td>
<td>We recommend that game guarantees be recorded when the contracts are executed.</td>
<td>We will consult with Financial Reporting to record existing and future contracts using GAAP as a guideline for recording these amounts. The athletic department notes that in most cases the guaranteed amount in the event a scheduled contest is not played is not the same as the face value of the contract when the game is played. Again we will consult with Financial Reporting to determine the amount to be recorded.</td>
<td>Mike Arbbaugh</td>
<td>1/15/2014</td>
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<td>Non-cash benefits for Athletic Department Employees - when recalculating a sample of the calendar year 2012 W-2s and reviewing other supporting documentation, temporary housing benefits for several of the recently hired coaches should be evaluated for inclusion in the employee’s W-2’s as taxable income.</td>
<td>NA</td>
<td>We recommend that any necessary corrections be made to prior year W-2’s.</td>
<td>The UNT System ISD agrees and will review the documentation provided by Internal Audit.</td>
<td>Carol Muldernd, ISD Tax Accountant</td>
<td>3/1/2014</td>
<td>Closed</td>
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<td>In calendar year 2013, the tax treatment for employee cell phone allowances and cell phone purchase reimbursements was changed entity wide to a non-taxable allowance. However, procedures have not been established requiring documentation to ensure that the cell phone expense reimbursements do not exceed the employee’s actual business expense and the reimbursement is provided for the IRS required business purposes. The current cell phone allowance policies are not consistent with the current tax treatment and practices, and need to be revised.</td>
<td>NA</td>
<td>We recommend that the Vice President for Information Technology and CIO, in conjunction with the Business Service Center; review the current tax treatment practice for cell phone allowances and cell phone purchase reimbursements, and update the cell phone policy accordingly. Additionally, policy training for cell phone allowance recipients should be provided to ensure compliance with policy requirements.</td>
<td>The Vice Provost for Information Technology and CIO, in conjunction with the Business Service Center and IT Shared Services, will review the current tax treatment practice for cell phone allowances and cell phone purchase reimbursements and update the cell phone policy accordingly. Further, appropriate policy training for cell phone allowance recipients will be developed to ensure compliance with policy requirements.</td>
<td>John Hooper, UNT Vice Provost for Information Technology and CIO</td>
<td>1/1/2014</td>
<td>Closed</td>
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<td>When recalculating a sample of the calendar year 2012 W-2s and reviewing other supporting documentation, an overstatement of wages in one employee’s W-2 Box 1 wages was identified. After consulting with the Business Service Center (BSC), it was determined that a year-end adjustment was made twice for covered wages. The BSC will issue a W-2c reducing covered wages by $1,765.93.</td>
<td>The UNT System BSC agrees</td>
<td>Carol Shidell, BSC Tax Accountant</td>
<td>3/31/2014</td>
<td>Closed</td>
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<td>During the review of recruiting policies, it was noted that no policy manual exists, just a collection of documents. These documents did not address recruiting expenses.</td>
<td>We recommend that policies be developed specific to recruiting expenses to assist in assuring compliance with all NCAA regulations.</td>
<td>Rick Villarreal, Mike Ashbaugh, Patty Wells, Becky Hall, Scott Hobbs</td>
<td>8/1/2014</td>
<td>Closed</td>
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<td>During the course of the review, we noted that detailed supporting documentation for two transactions was not available. These transactions were journal entries prepared by Athletics Department staff to move an expense into one account from another.</td>
<td>We recommend that Athletics retain detailed supporting documentation for all journal entries.</td>
<td>Mike Ashbaugh, Troy Taylor</td>
<td>1/15/2014</td>
<td>Closed</td>
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<td>One expense was not fully supported by the supporting documentation. A travel voucher was reimbursed at $11,306.45, however only $9,873.34 of that expense could be matched to travel receipts. However, the documentation submitted included an explanation that there were issues with the billing from the hotel. This voucher was for hotel charges for temporary housing for new coaches. This expense was reclassified from Other Operating Expenses to Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities.</td>
<td>NA</td>
<td>We recommend that only expenses that can be supported by receipts be paid. Additionally, temporary housing expenses should be handled via a purchase order.</td>
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<td>Mike Ashbaugh, Troy Taylor</td>
<td>5/1/2014</td>
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<td>Twenty-eight percent of the invoices reviewed in our samples were paid more than 30 days from the date of the invoice. Additionally, 10% of the invoices, totaling $167,126.10, spanned two fiscal years resulting in expenses reported in the wrong financial reporting period.</td>
<td>NA</td>
<td>We recommend that the Athletics Department assure that all invoices are paid in a timely manner and that goods and services are paid and expensed in the year in which the expense occurred.</td>
<td></td>
<td>Mike Ashbaugh, Troy Taylor, Clara Richard</td>
<td>1/15/2014</td>
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<td>NCAA Agreed Upon Procedures</td>
<td>UNT System</td>
<td>UNT</td>
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<td>NA</td>
<td>Be recommendation Financial Reporting develop a written standard for journal entry documentation and review the supporting documentation for journal entries.</td>
<td>The Controller’s Office and Financial Reporting are developing a written standard for journal entry documentation that will require all submitted journals with line item amounts $100 and above to include appropriate supporting documentation that fully explains the journal being booked to the system. Supporting documentation for journals with line item amounts less than $100 will continue to be reviewed in accordance with UNT’s Records Management and Retention Policy 10.10. This will require a culture change throughout campus and numerous training sessions.</td>
<td>Lee Mare, Associate Vice President for Finance and Controller</td>
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<td>Fiscal Year 2014</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2013 Investments Review Audit</td>
<td>UNT System</td>
<td>UNT</td>
<td>As of August 31, 2013, UNT reported an investment in both agency securities and Small Business Administration (SBA) bonds; however, UNT System Regulation 08.3000 does not include these investments as authorized investments. These investments were authorized by the policy in effect at the time of purchase. In fiscal year 2013, no new securities were purchased and future purchases are not planned. Two of the three agency securities matured in FY 2013, and one matured in September 2013.</td>
<td>Low</td>
<td>Recommended Management Action for Andrew Harris, Vice President for Finance and Administration (UNT):</td>
<td>Agree. The SBA investment will mature 9/25/2014. UNT will reinvest in compliance with the current investment regulations.</td>
<td>Jean Bush, Sr. Associate VP for Finance</td>
<td>9/25/2014</td>
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<td>UNT System</td>
<td>UNT</td>
<td>UNT System, UNT, and UNT Dallas do not have fully executed bank depository agreements with Wells Fargo. The bank depository agreement with Wells Fargo expired August 31, 2011. A draft agreement has been completed, but the agreement has not been finalized and executed.</td>
<td>High</td>
<td>Recommendation for Allen Clemens, Vice Chancellor for Administration and Chief of Staff (UNT System), Andrew Hernando, Vice President for Finance (UNT), and Carlos Hernandez, Vice President of Finance and Administration/CTO (UNT Dallas):</td>
<td>UNT Response: Although the written agreement between Wells Fargo bank and UNT expired in 2013, the parties have continued to operate under the existing agreement with the same terms until the new contract can be finalized. Management will continue to work with the Office of the General Counsel to finalize the written agreement and expects to have a newly executed agreement by April 1, 2014. UNT Dallas Response: Agree. Management will continue to work with the Office of the General Counsel to finalize the written agreement and expects to have a newly executed agreement by UNT System Response: Agree. Bring closure to all unresolved issues and finalize depository agreements.</td>
<td>Lee Clemens, Vice Chancellor for Administration UNT Dallas: Carlos Hernandez, Vice President for Finance and Administration/CTO UNT System: Alan Sickly</td>
<td>4/1/2014</td>
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<td>The Investment Portfolio Summary graph reported in the UNT the Quarterly Investment Report for the period ending May 31, 2013 was not accurate. Additionally, the earned income figure should have been $146,864.64 versus the $304,933.53 reported.</td>
<td>Low</td>
<td>Recommended Management Action for Andrew Harris, Vice President for Finance and Administration (UNT): Review the UNT Quarterly Investment Report to ensure the accuracy of information prior to the issuance of the report on the institution's investment disclosure website. Implementation will ensure that the information reported on a Quarterly Investment reports is complete and accurate.</td>
<td>Agree. A correction to the May 31, 2013 quarterly investment report will be included with the next presentation of quarterly investment reports for the Board of Regents.</td>
<td>Brian Bush, Sr. Associate VP for Finance</td>
<td>5/20/2014</td>
<td>Closed</td>
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| Internal          | UNT System      | Fiscal Year 2014 | Governance and Regulatory Compliance | FY 2013 Investments Review Audit | UNT System | A report of investment performance over the course of the year was not submitted to the Board of Regents at its first regularly scheduled board meeting following the end of the fiscal year as required by System Regulation 08.2000. | Moderate | Recommended Management Action for Allen Clemens, Vice Chancellor for Administration and Chief of Staff (UNT System): At the end of each fiscal year, prepare and submit a report of investment performance for the year to the UNT System Board of Regents at its first regularly scheduled board meeting following the end of the fiscal year. Implementation will ensure compliance with UNT System Regulation, 08.2000. | UNT System Response: Agree. Submit a report of investment performance at the Board of Regents first regularly scheduled board meeting following the end of the fiscal year. Expected Implementation Date: Immediately | Carolyn Whitlock | 2/15/2014 | Closed |

| Internal          | UNT System      | Fiscal Year 2014 | Governance and Regulatory Compliance | FY 2013 Investments Review Audit | UNT/THSC | UNT/THSC did not include disclosure of an external investment advisor in response to the SAO's disclosure requirement question. UNT/THSC answered "no" to the question "Does the institution employ outside investment advisors or managers?" However, the response should be revised to yes, since the UNT/THSC Foundation is in charge of the UNT/THSC Foundation for management of its endowment funds. | Moderate | Recommended action for Senior Vice President of Finance and Chief Financial Officer: Update the UNT/THSC website investment disclosure to state all use of an external advisor or manager that pertains to the use of the Independent UNT/THSC Foundation as an external investment advisor or manager. Compliance will ensure that regulatory reporting requirements are met and responses to quarterly reports are complete and accurate. | Management agrees with recommendation. Management will update its website investment disclosures to reflect that UNT/THSC uses an external advisor/manager, the UNT/THSC Foundation, for management of some endowment funds. | Geoffrey Scarpelli, Controller and Chief Budget Officer | 2/15/2014 | Closed |

<p>| Internal          | UNT System      | Fiscal Year 2014 | Governance and Regulatory Compliance | FY 2013 Investments Review Audit | UNT/THSC | The first three quarterly investment reports for fiscal year 2013 were not published to the institution’s website within the timeframe required by the SAO. The quarterly investment reports for November 30, 2012, February 28, 2013, and May 31, 2013 were not published to the institution’s website until November 7, 2013. The SAO requires that quarterly reports be published on the institution’s website within 90 days of the end of the quarter or 7 days after the investment report is presented to the Board, whichever occurs first. The August 31, 2013 quarterly report was published within SAO guidelines. | Low | Recommended action for Director of Financial Reporting: Publish Quarterly Investment Reports to the institution’s website within 90 days of the end of the quarter or 7 days after the investment report is presented to the Board, whichever occurs first. Implementation will help ensure transparency and that SAO reporting requirements are met. | Management agrees with recommendation. Management will implement procedures to ensure that Quarterly Investment Reports are published to the institution’s website within 90 days of the end of the quarter or 7 days after the report is presented to the Board, whichever occurs first. Expected Implementation Date: Previously Implemented. Individual Responsible for Implementation: Geoffrey Scarpelli, Controller and Chief Budget Officer | Geoffrey Scarpelli, Controller and Chief Budget Officer | 2/15/2014 | Closed |</p>
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<td>FF 2013 Investments Review Audit</td>
<td>UNTSC</td>
<td>UNTHSC Annual Tracking Report for Investment Reporting for fiscal year 2012 was not submitted within the timeframe required by the SAO. The Annual Tracking Report for Investment Reporting sends investment website locations to the SAO. For fiscal year 2012, the report was not submitted to the SAO until February 1, 2013. The fiscal year 2013 annual tracking report was submitted on December 11, 2013.</td>
<td>Low</td>
<td>Recommended action for Director of Financial Reporting: Send the Annual Tracking Report for Investment Reporting to the SAO by December 31 of each year. Implementation will help ensure that Rider 5 reporting requirements are met.</td>
<td>Management agrees with recommendation. Management and implement procedures to ensure that the Annual Tracking Report for Investment Reporting is submitted to the SAO by December 31st of each year.</td>
<td>Geoffrey Scarpelli, Controller and Chief Budget Officer</td>
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<td>UNTHSC does not have a current executed bank depository agreement with JPMorgan Chase. The current depository for UNTHSC is JPMorgan Chase. The bank depository agreement with JPMorgan Chase expired on August 31, 2012. The expired agreement states: &quot;The term may be extended until such time as the successor shall have been duly selected and qualified, such extension not to exceed 60 days.&quot; According to the Chief Finance Officer of UNTHSC, a draft agreement has been completed, but the agreement has not been executed.</td>
<td>High</td>
<td>Recommended action for Senior Vice President of Finance and Chief Finance Officer: 1. Finalize and fully execute the UNTHSC Bank Depository Agreement with JPMorgan Chase. Implementation will help ensure that BOR expectations are met, bank deposits are safeguarded, and any favorable terms are in force.</td>
<td>Management agrees with recommendation. Although the written agreement between J.P. Morgan Chase Bank expired in 2012, the parties have continued to operate under the agreement with the same terms until the new contract can be finalized. Management will continue to work with the Office of General Counsel to finalize the written agreement.</td>
<td>John A. Harman, Senior Vice President for Finance and CFO</td>
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<td>UNTHSC does not have a Management Agreement with the UNTHSC Foundation to manage UNTHSC Medical Professional Liability Self-Insurance Funds. UNTHSC has an executed management agreement with the UNTHSC Foundation for the management of institutional tobacco funds, but this agreement does not include the management of Medical Professional Liability Self-Insurance Funds.</td>
<td>Moderate</td>
<td>Recommended action for Senior Vice President of Finance and Chief Finance Officer: Develop a new exhibit to the current agreement with the UNTHSC Foundation to include the management of Medical Professional Liability Self-Insurance Funds. Implementation will help ensure that Medical Professional Liability Self-Insurance Funds are adequately safeguarded and invested.</td>
<td>Management agrees with recommendation. Prior to January 17, 2014 as Exhibit did not exist. However, management executed Exhibit C to the Investment Management Agreement between the UNTHSC and the UNTHSC Foundation on January 17th for the management of the Medical Professional Liability Self-Insurance Funds. The change in institutional finance leadership in early FY2013 may have contributed to the delay in submitting these funds. Initially invested with the Foundation prior to the transition in leadership.</td>
<td>John A. Harman, Senior Vice President for Finance and CFO</td>
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<td>Signatory authority for the former UNTHSC Vice President of Finance and CFO was not removed from the bank account until ten months after he left his position. The former Vice President of Finance and CFO for UNTHSC remained with signatory authority over ten months while not in a role to warranting that authority.</td>
<td>Low</td>
<td>Recommended actions for Controller and Chief Budget Officer: Develop a process to ensure that banking signatory authority cards are updated immediately to accurately reflect changes to personnel and only individuals with proper authority are active. Implementation will help ensure funds are adequately safeguarded and controlled.</td>
<td>Management agrees with recommendation. Management will work with system business service center and commercial banking personnel to ensure that banking signature cards submitted for changes in authorized personnel are updated in the electronic signature system in a timely fashion and only individuals with proper authority are active.</td>
<td>Geoffrey Scarpelli, Controller and Chief Budget Officer</td>
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<td>UNTHSC Internal Audit</td>
<td>Fiscal Year 2014</td>
<td>Information Technology</td>
<td>UNT Health NextGen EPM Post-Implementation Review</td>
<td>Access privileges to the UNTHSC Network and NextGen EPM system were not immediately disabled when users terminate their employment from the UNT Health. The NextGen EPM system is used by UNT Health for patient scheduling, reporting, and claims management including billing and payment posting. Both a UNTHSC network account and EPM user account are required in order to access the system. A review of active NextGen EPM user accounts in August 2013 revealed the following: 5. active NextGen EPM network accounts were for users that were no longer employed by UNT Health. 6. active NextGen EPM user accounts were for former residents no longer working at UNT Health. Further testing of the corresponding network accounts identified the following: 7. six network accounts, including four employees and two residents, were active. Dates of termination for these employees ranged from December 2012 to June 2013. 8. two network accounts, including one employee and one resident, were disabled within two and three months of termination. 9. two network accounts, including one employee and one resident, were immediately disabled.</td>
<td>Moderate</td>
<td>Recommendations for the Director, Process Improvement: 1. Develop and implement a termination checklist for UNTHSC network accounts. 2. Update documentation to include notification to terminate a user’s NextGen access. 3. Access Management Committees to discuss: a. A procedure to terminate NextGen access.</td>
<td>John A. Harman - Senior Vice President for Finance and CFO</td>
<td>Steve Woodall, Director, UNTHealth Process Improvement</td>
<td>6/1/2014</td>
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<td>UNT Health NextGen EPM Post-Implementation Review</td>
<td>During the prior administration, contract Amendments totaling more than $1.02 million were approved and executed internally, but without the consent of UNT System Board of Regents. The NextGen EPM system implementation included two original contract amendments. The two contract amendments were presented and approved by the Board of Regents on May 12, 2011 in the amount of $1.02 Million ($1.02 Million for professional services and $250,000 for hardware and infrastructure). Beginning on January 29, 2012, the first of an additional 17 contract amendments totaling $958,112 were approved and executed due to the unforeseen need to 1) implement a separate bill center for Correctional Medicine and 2) additional applications licenses related to medical student and resident activity. Each individual contract amendment was approved and executed by the management of UNTHSC leadership; however, no additional approval or Board Order was provided to the Board of Regents noting the additional amendments and cost.</td>
<td>High</td>
<td>Recommendations for the current Senior Vice President for Finance and CFO: 1. Ensure procedures are established for the new UNTHSC administrative staff to ensure approval of the UNT System Board of Regents related to Regents Rules requiring Board approval for all purchases exceeding $1 million. Implementation will provide assurance that the Board of Regents are aware of and approves all contract amendments related to projects that in aggregate total more than $1 million.</td>
<td>John A. Harman - Senior Vice President for Finance and CFO</td>
<td>Steve Woodall, Director, UNTHealth Process Improvement</td>
<td>6/1/2014</td>
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**UNTNS Enterprise Audit Report Inventory**

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<td>UNTHSC</td>
<td>Access privileges to the UNTHSC network and NextGen EPM system were not immediately disabled when users terminate their employment from the UNT Health. The NextGen EPM system is used by UNT Health for patient scheduling, reporting, and claims management including billing and payment posting. Both a UNTHSC network account and EPM user account are required in order to access the system. A review of active NextGen EPM user accounts in August 2013 revealed the following: Five active NextGen EPM user accounts were for users that were no longer employed by UNT Health. Five active NextGen EPM user accounts were for former residents no longer working at UNT Health. Further testing of the corresponding network accounts identified the following: Six network accounts, including four employees and two residents, were active. Dates of termination for these employees ranged from December 2012 to June 2013. Two network accounts, including one employee and one resident, were disabled within two and three months of termination. Two network accounts, including one employee and one resident, were immediately disabled.</td>
<td>Moderate</td>
<td>Recommendations for the Director, Process Improvement: Submit notifications to deactivate network access for active EPM users who are no longer employed with UNT Health. What Action Management Commits To Do: 1. Network access for users who are no longer employed has already been deactivated. 2. NextGen also forces a user to change their password after 120 days. If the password is not changed, the account locks and disables the user from logging in. [This follows the network security protocol as well.] These scenarios require intervention/review by the HIM Security Division.</td>
<td>Jolie Allen, Director, Process Improvement, UNT Health</td>
<td>Steve Woodall, Director, Records and Information Management</td>
<td>5/15/2014</td>
</tr>
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<p>| Internal            | UNT System Internal Audit | 2014 | Information Technology | UNTHSC | Access privileges to the UNTHSC network and NextGen EPM system were not immediately disabled when users terminate their employment from the UNT Health. The NextGen EPM system is used by UNT Health for patient scheduling, reporting, and claims management including billing and payment posting. Both a UNTHSC network account and EPM user account are required in order to access the system. A review of active NextGen EPM user accounts in August 2013 revealed the following: Five active NextGen EPM user accounts were for users that were no longer employed by UNT Health. Five active NextGen EPM user accounts were for former residents no longer working at UNT Health. Further testing of the corresponding network accounts identified the following: Six network accounts, including four employees and two residents, were active. Dates of termination for these employees ranged from December 2012 to June 2013. Two network accounts, including one employee and one resident, were disabled within two and three months of termination. Two network accounts, including one employee and one resident, were immediately disabled. | Moderate | Recommendations for the Director, Records and Information Management: Update the UNTHSC NextGen User Request Form to include a field for expiration dates. What Action Management Commits To Do: 1. The UNTHSC NextGen User Request form will include a field for an expiration date which will be filled in for those users who are given authorized access for a limited period of time. | Jolie Allen, Director, Process Improvement, UNT Health | Steve Woodall, Director, Records and Information Management | 5/15/2014 | Closed |</p>
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<td>Moderate</td>
<td>Recommendations for the Director, Records and Information Management: Provide training to supervisory personnel regarding the updated UNT Health NextGen User Request Form and process. Implementation will provide assurance that network and NextGen EPM user accounts are immediately disabled and active NextGen EPM users are current employees and residents.</td>
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<td>5/15/2014</td>
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<td>NA</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year: 2014</td>
<td>Academic and Students</td>
<td>Approval of Incidental Fees/Review</td>
<td>UNT/SHC: UNTHSC does not have documentation in place to formally delegate authority for approved review of incidental fees. The incidental fees at UNTHSC are split into three different categories: course fees, library fees, and all other incidental fees. Each category of incidental fees currently has its own approval process. The following are the results of testing for each category reviewed. Of the 20 course fees tested: • Eight were appropriately approved by the BOR. • Ten were approved by the Provost without any formal delegation of authority from the President. • Two did not have approval documentation available. • Ten have not been reaffirmed since 1993. If the seven library fees tested: • All seven were approved by the Library Director without any formal delegation of authority from the President. • Library fees were reviewed annually. Of the 20 other incidental fees tested: • Twenty-four were appropriately approved by the President. • Five did not have approval documentation available. Moderate Recommendations for Vice President of Administration &amp; Chief of Staff: If the President elects to delegate authority to approve incidental fees, ensure appropriate documentation is in place to evidence such delegation. Further guidelines should also be documented outlining how often incidental fees are reviewed and reaffirmed. Management Agrees: Management commits to work with the President and Provost to develop proper documentation of delegation of approval of incidental fees to the Provost from the President. In addition, Management will also develop and implement appropriate guidelines to ensure the required review and reaffirmation process occurs in compliance with state law and Regents Rules. Additional Comments: Once made aware of this compliance issue and prior to completion of this audit, the Provost’s Office re-established procedures to ensure that incidental fees are being approved appropriately by the President until further documentation is developed.</td>
<td>Jennifer Treviño, Vice President of Administration &amp; Chief of Staff</td>
<td>7/1/2014</td>
<td>Closed</td>
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<td>Jennifer Treviño, Vice President of Administration &amp; Chief of Staff</td>
<td>7/1/2014</td>
<td>Closed</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2014</td>
<td>Academic and Students</td>
<td>Anatomical Lab</td>
<td>Untitled</td>
<td>Required forms and fees were not processed to the SAB. Additionally, documentation was not returned or updated to evidence the Annual Cadaver and Use Report was filed for the period ended July 31, 2013. For four of the 18 files reviewed, a Form A indicating receipt of a donor cadaver had not been filed and the SB SAB fee had not been remitted to the SAB. These donors were received in the lab during January 2013. Additionally, the Department did not retain a copy of the Annual Cadaver and Use Report filed with the SAB for the period ended July 31, 2013. Internal Audit could not confirm that the report was filed or was filed in a timely manner.</td>
<td>Moderate</td>
<td>Recommendations for the Director of Anatomical Services: Review donor records to ensure that all required forms and fees have been filed and submitted for all donors to the SAB.</td>
<td>Management agrees. A procedure plan is in the process of being created to address the SAB Coordination. Additionally, going forward a confirmation from the SAB will be obtained to evidence receipt of all required reports and will maintain copies of all documents filed with the SAB.</td>
<td>Robin Belcher, Director of the Willed Body Program</td>
<td>5/1/2014</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2014</td>
<td>Academic and Students</td>
<td>Anatomical Lab</td>
<td>Untitled</td>
<td>Required forms and fees were not processed to the SAB. Additionally, documentation was not returned or updated to evidence the Annual Cadaver and Use Report was filed for the period ended July 31, 2013. For four of the 18 files reviewed, a Form A indicating receipt of a donor cadaver had not been filed and the SB SAB fee had not been remitted to the SAB. These donors were received in the lab during January 2013. Additionally, the Department did not retain a copy of the Annual Cadaver and Use Report filed with the SAB for the period ended July 31, 2013. Internal Audit could not confirm that the report was filed or was filed in a timely manner.</td>
<td>Moderate</td>
<td>Recommendations for the Director of Anatomical Services: Develop a process to ensure forms and fees are processed with the SAB and recorded properly.</td>
<td>Management agrees. A procedure plan is in the process of being created to address the SAB Coordination. Additionally, going forward a confirmation from the SAB will be obtained to evidence receipt of all required reports and will maintain copies of all documents filed with the SAB.</td>
<td>Robin Belcher, Director of the Willed Body Program</td>
<td>5/1/2014</td>
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<td>Required forms and fees were not processed to the SAB. Additionally, documentation was not returned or updated to evidence the Annual Cadaver and Use Report was filed for the period ended July 31, 2013. For four of the 18 files reviewed, a Form A indicating receipt of a donor cadaver had not been filed and the SB SAB fee had not been remitted to the SAB. These donors were received in the lab during January 2013. Additionally, the Department did not retain a copy of the Annual Cadaver and Use Report filed with the SAB for the period ended July 31, 2013. Internal Audit could not confirm that the report was filed or was filed in a timely manner.</td>
<td>Moderate</td>
<td>Recommendations for the Director of Anatomical Services: Obtain confirmation with the SAB to evidence their receipt of all required reports such as the Annual Cadaver and Use Report. Maintain copies of all documents filed with the SAB. Implementation will provide assurance that SAB forms, fees and reports are filed for each donor.</td>
<td>Management agrees. A procedure plan is in the process of being created to address the SAB Coordination. Additionally, going forward a confirmation from the SAB will be obtained to evidence receipt of all required reports and will maintain copies of all documents filed with the SAB.</td>
<td>Robin Belcher, Director of the Willed Body Program</td>
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<td>Academic and Students</td>
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<td>Untitled</td>
<td>Unauthorized individuals have card key access to the laboratory and Embalming Room. As of January 30, 2014, the list of individuals with authorized and access to the Embalming room (RES 226) was 355 and the Gross Anatomy Lab (RES 242) was 2,380. Based on the review performed by the Department and Internal Audit of these lists, it was determined that there were 176 unauthorized users for the Embalming room and 1,819 unauthorized users for the Gross Anatomy Lab.</td>
<td>Moderate</td>
<td>Recommended action for the Director of Anatomical Services and Chair of Integrative Physiology: Remove access to the Laboratory and Embalming Room where bodies and anatomical specimens are held for unauthorized individuals.</td>
<td>Management agrees to review the Access List immediately and at the end of each semester, and send a list to Campus Police of individuals who need to have their badge access deactivated.</td>
<td>Sandra Clapp, Sr. Administrative Coordinator</td>
<td>5/30/2014</td>
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<td>UNTSHC</td>
<td>Unauthorized individuals have card key access to the laboratory and Embalming Room. As of January 30, 2014, the list of individuals with authorized access to the Embalming room (RES 218) was 305 and the Gross Anatomy Lab (RES 242) was 2,380. Based on the review performed by the Department and Internal Audit of these lists, it was determined that there were 176 unauthorized users for the Embalming room and 1,839 unauthorized users for the Gross Anatomy Lab.</td>
<td>Moderate</td>
<td>Recommended action for the Director of Anatomical Services and Chair of Integrative Physiology: Develop a process to periodically review the lists of individuals with Laboratory and Embalming Room access and remove unauthorized individuals. Implementation will provide assurance that only authorized individuals have access to the laboratories.</td>
<td>Management agrees to review the Access List immediately at the end of each semester, and send a list to Campus Police of individuals who need to have their badge access deactivated.</td>
<td>Sandra Clapp, Sr. Administrative Coordinator.</td>
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<td>The Department did not perform an informal bid process for selecting a vendor to perform crematorium services during the review period. The Department did not perform an informal bid process to obtain cremation services during the period under review. The Department has used the same vendor for many years.</td>
<td>Low</td>
<td>Recommendation for the Director of Anatomical Services: The Department should proceed through an informal bid process for crematorium services. Implementation will provide assurance that UNTSHC obtains the best value for services purchased and compliance with the UNTSHC Purchasing Guidelines.</td>
<td>Management agrees. At least 3 informal bids will be requested before issuing contract.</td>
<td>Robin Belcher, Director of the Willed Body Program.</td>
<td>5/2/2014</td>
</tr>
<tr>
<td>Internal</td>
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<td>Fiscal Year 2014</td>
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<td>UNTSHC</td>
<td>The Department does not have written policies and procedures for its operations including maintenance of records and for the proper disposal non-return cremains. The files and spreadsheets maintained by the Department noted many items that were incomplete and not updated in a timely manner. It was noted in 6 of 10 files in our sample that the donor checklist forms were not always fully completed or updated. Many were missing dates, for example, date of cremation, return of cremains, and cremains received/last updated were often not updated in the files. Some of the same items were noted in the spreadsheets maintained by the Department. The Department is currently storing non-return cremains in a storage cabinet.</td>
<td>Low</td>
<td>Recommendation for the Director of Anatomical Services: In consultation with the Office of General Counsel, develop policies and written processes for all processes of the Department including maintenance of records and for the proper disposal of non-return cremains. Implementation of written procedures will provide for consistency and guidance with Departmental processes.</td>
<td>Management agrees. A Policy and Procedures document is being created.</td>
<td>Robin Belcher, Director of the Willed Body Program.</td>
<td>5/2/2014</td>
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<td>The Department does not maintain an inventory of anatomical specimens. The Department does not maintain an inventory of anatomical specimens. Anatomical specimens are removed from donors and retained in labeled boxes, in the lab, for teaching purposes. They are not numbered with the donors SAB number and can be retained in the lab after the donor has been cremated. Specimens are cremated when they are no longer usable. The cremains are not returned.</td>
<td>Low</td>
<td>Recommended action for the Director of Anatomical Services: Consider maintaining an inventory of anatomical specimens that contains an item number, date specimen removed, description and location. Implementation will provide assurance that the Department has a record of anatomical specimens.</td>
<td>Management agrees. A spread sheet will be created to document specimens and their locations. A form will be created for each specimen with a description and columns for Date of check out, Name of person checking out, Date of check in, Name of person checking specimen back in.</td>
<td>Robin Belcher, Director of the Willed Body Program and Sandra Clapp, Sr. Administrative Coordinator.</td>
<td>5/2/2014</td>
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<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>Bank Account Authorization Review Audit</td>
<td>UNT System</td>
<td>A policy has not been established requiring executive level approval of checks exceeding a set monetary threshold.</td>
<td>High</td>
<td>Recommended action for the Vice Chancellor for Finance:</td>
<td>Management concurs with the recommendations to create a formal UNT System regulation requiring executive level review and signature of checks for all transactions exceeding an established dollar threshold. Management has assigned resources to begin the research and development of this policy and will quickly develop drafts for leadership review and approval. The Vice Chancellor for Finance will immediately establish an interim policy that will require the signature of the appropriate VC/VP for Finance on any check equal to or greater than $500,000 and the Chancellor/President for checks equal to or greater than $1,000,000.</td>
<td>VC for Finance</td>
<td>7/1/2014</td>
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<td>Employees with signature card authority also have access to alter the general ledger through the ability to process journal entries within the G15 PeopleSoft system. Internal Audit noted three instances where an authorized signer on the UNT general fund account and payroll account also had the authority to create and approve journal entries directly in the system.</td>
<td>High</td>
<td>Recommended actions for the Vice Chancellor for Finance:</td>
<td>Management concurs with the recommendations to review all current employees with bank signature authority and confirm appropriate segregation of duties exist. Immediate review is being completed in high priority areas with action being taken as warranted. A comprehensive review has also begun that will address all areas. An interim policy is being immediately established that the System Treasurer will be responsible for adding and deleting all bank signature authority. This immediate provision will include scheduled inventory and segregation of duties.</td>
<td>VC for Finance</td>
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<td>The removal of signatory authority access for terminating employees from University bank accounts was not completed timely. Of the nine employees that left their signatory role during fiscal year 2013, five were not removed immediately from University bank accounts. Three employees were removed within two weeks. Additional review of the two remaining employees revealed the following: • One UNT employee remained with signatory authority over two years after retiring from the University. • One HSC employee held signature authority for over ten months while not in a role to warrant that authority, as also identified in the recent Fiscal Year 2013 Investment Review Audit (Audit No. 14-002 HSC).</td>
<td>High</td>
<td>Recommended actions for the Vice Chancellor for Finance:</td>
<td>Management concurs with the recommendations that bank signature authority is kept up to date and there is a policy that specifies who will ensure they remain current at all times.</td>
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<td>VC for Finance</td>
<td>7/1/2014</td>
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It is recommended that the Associate Vice Chancellor for Policies do not specifically require itemized business meal receipts submitted for reimbursement of business meals in accordance with IRS requirements. Some of the receipts submitted for reimbursement of business meals were not itemized and did not identify the number of meals consumed or the number of individuals served on the vendor statement. In coordination with the Business Services Operations Committee, develop and implement a comprehensive system-wide travel and expense policy that includes a requirement that individuals seeking reimbursement for travel and business meals submit itemized meal receipts from the vendor that either lists the meals or the number of individuals served in support of reimbursement requests. Further, this travel and expense policy should be comprehensive and ensure compliance with all IRS requirements for travel and expenditure reimbursements. Implementation of a requirement that itemized receipts for business meals be included with all reimbursement requests should assure any tax issues related to business meals are addressed and it will ensure that only allowable expenses are processed against certain fund types. Further, implementation will outline all IRS requirements for travel and expenditure reimbursements.

The UNT System Business Service Center agrees with the recommendation. The UNT System Business Service Center will coordinate with the UNTS Office of General Counsel to evaluate any taxation required for the services provided to or on behalf of the former UNT President. If required, a W-2C will be issued to the individual and the IRS for each calendar year as necessary.

The UNTS Office of General Counsel will coordinate with the Office of General Counsel to determine if the authority and requirements to establish, maintain, and close bank accounts. The policy will be comprehensive and not only address items presented in recommendation 6 but those policy matters presented above.

The UNT System Business Service Center agrees with the recommendation. The UNT System Business Service Center will coordinate with the UNTS Office of General Counsel to evaluate any taxation required for the services provided to or on behalf of the former UNT President. If required, a W-2C will be issued to the individual and the IRS for each calendar year as necessary.

Management concurs with the recommendation and will ensure that policies, procedures, and processes are in place along with adequate staff training to retain records in compliance with The Texas State Records Retention Schedule.

The UNTS Office of General Counsel will coordinate with the Office of General Counsel to determine if the authority and requirements to establish, maintain, and close bank accounts. The policy will be comprehensive and not only address items presented in recommendation 6 but those policy matters presented above.

Management concurs with the recommendation to develop a policy that documents the authority and requirement to establish, maintain, update, and close bank accounts. The policy will be comprehensive and not only address items presented in recommendation 6 but those policy matters presented above.

The UNT System Business Service Center agrees with the recommendation. The UNT System Business Service Center will coordinate with the UNTS Office of General Counsel to evaluate any taxation required for the services provided to or on behalf of the former UNT President. If required, a W-2C will be issued to the individual and the IRS for each calendar year as necessary.

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The UNT System Business Service Center agrees with the recommendation. The UNT System Business Service Center will coordinate with the UNTS Office of General Counsel to evaluate any taxation required for the services provided to or on behalf of the former UNT President. If required, a W-2C will be issued to the individual and the IRS for each calendar year as necessary.
Fifteen areas were reviewed for compliance with CPRIT guidelines and institutional policies at UNTHSC and UNT. Exceptions were noted in the five areas below:
1. Reimbursement and Expenditure Reporting
   - Seven of 26 quarterly financial status reports reviewed were not submitted by UNTHSC within 90 days of the quarter covered as required.
   - Grant Closeout
   - The final financial status report for UNTHSC grant RP101399 was submitted 122 days after the grant end date and not within 90 days as required.
   - Expenditures
   - For the grants under review, non-travel expenditures totaling $110,111 were reviewed (or 10% of the total population: $1,107,275), as well as travel expenditures totaling $46,607 (or 100% of the population). The following results were noted from the testing:
   - A. Non-travel labor charges for one temporary employee selected for testing totaling $2,414 on UNTHSC grant PP100195 could not be substantiated via supporting documentation. Subsequently, Internal Audit tested the additional $2,044 of temporary labor charges for this temporary employee during the testing period and was not able to substantiate them via supporting documentation.
   - B. A review of non-travel expenditures for UNTHSC grant PP100069 found two mobile phone service charges that included an unallowable $10 telecommunication service.

Recommendations for AVP of Research Administration
- UNTHSC, UNT
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   - B. A review of non-travel expenditures for UNTHSC grant PP100069 found two mobile phone service charges that included an unallowable $10 telecommunication service.

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   - B. A review of non-travel expenditures for UNTHSC grant PP100069 found two mobile phone service charges that included an unallowable $10 telecommunication service.

Recommendations for AVP of Research Administration
- UNTHSC, UNT
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<td>Fiscal Year 2014</td>
<td>Governance and Regulatory Compliance</td>
<td>Cancer Prevention and Research Institute of Texas (CPRIT) Audit</td>
<td>UNT/UNTHSC, UNT</td>
<td>Fifteen areas were reviewed for compliance with CPRIT guidelines and institutional policies at UNTHSC and UNT. Exceptions were noted in the five areas below: 1. Reimbursement and Expenditure Reporting: Seven of 26 quarterly financial status reports reviewed were not submitted by UNTHSC within 90 days of the quarter covered as required. 2. Grant Closeout: The final financial status report for UNTHSC grant RP101399 was submitted 122 days after the grant end date and not within 90 days as required. 3. Expenditures: For the grants under review, non-travel expenditures totaling $110,111 were reviewed (or 59% of the total population: $187,227), as well as travel expenditures totaling $44,607 (or 100% of the population). The following results were noted from the testing; A. Non-travel labor charges for one temporary employee selected for testing totaling $2,414 on UNTHSC grant PP100195 could not be substantiated via supporting documentation. Subsequently, Internal Audit tested the additional $2,044 of temporary labor charges for this temporary employee during the testing period and was not able to substantiate them via supporting documentation. B. A review of non-travel expenditures for UNTHSC grant PP100069 found two mobile phone service charges that included an unallowable $10 telecommunication service charge.</td>
<td>Moderate</td>
<td>Remove telecommunication service charges from CPRIT grants. Implementation will provide assurance that grant conditions for reporting requirements and allowable.</td>
<td>Mark Baraka, Director of Grants and Contract Management</td>
<td>8/15/2014</td>
<td>Closed</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
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<td>Moderate</td>
<td>Work with CPRIT to resolve expended funds that could not be substantiated. Implementation will provide assurance that grant conditions for reporting requirements and allowable.</td>
<td>Mark Baraka, Director of Grants and Contract Management</td>
<td>12/31/2014</td>
<td>Closed</td>
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UNT System Internal Audit
Fiscal Year 2014
Finance
UNT Endowment
Adjusting Journal

The composition of the scholarship committee does not conform to requirements outlined in the Frank Bracken PLP Endowment MOU. The Director for Budget and Administration in the College of Business Dean’s Office stated that “the committee does not fully meet the criteria included in the GHI Agreement.” The conclusion was based on an internal communication from an Administrative Coordinator in the Professional Leadership Program (PLP) College of Business, who described the composition of the Scholarship Committee as the Executive Director, the Assistant Director, and the Chairman of the PLP Advisory Board.

Low

Recommended for Director of the Professional Leadership Program (PLP): Reorganize the Frank Bracken PLP Endowment scholarship committee to include those individuals as prescribed by and agreed to in the GHI Agreement as follows:

- At least three (3) College of Business faculty members;
- Representatives of the PLP Advisory Board;
- PLP Community Partners; and
- College of Business Administration staff.

Implementation will provide assurance of compliance with the GHI agreement, and minimize the potential loss of endowment funds and other gifts, strained relations between donors and the University affecting future gifts, and negative publicity and damage to the University’s reputation.

UNT/UNTS Enterprise Audit Report Inventory

UNT System Internal Audit
Fiscal Year 2014
Finance
Adjusting Journal
Entry Investigation

The net position in the FY2012 and FY2013 Financial statements could be overstated by as much $23 Million. – The former UNT Associate Vice-President for Finance and Controller and the former Director of Financial Reporting and Operations were aware of the unrecorded differences and potentially uncollectible receivables prior to the issuance of the FY2012 and FY2013 UNT and UNTS financial statements. They directed and recorded the adjustment rather than valuing the validity of these differences as to whether they were true assets of the UNTS.

High

Develop and document a UNT Allowance for Doubtful Accounts Policy based on historical receivable information, to establish guidelines for accurately estimating uncollectible amounts.

UNT/UNTS Enterprise Audit will review the current UNT Allowance for Doubtful Accounts Policy in comparison to historical receivable collectability to ensure the Policy and related process results in an accurate estimate. Any required revisions to the current Policy will be completed before August 31, 2014. UNT/UNTS will periodically evaluate the allowance in light of this Policy to determine receivable collectability and appropriate asset value.

UNT/UNTS will also ensure all necessary action is taken relative to the referenced UNT adjusting journal entry and will reclassify the allowance for doubtful accounts estimate presented in the FY 2013 UNT and UNTS consolidated financial statements to ensure the net accounts receivable balance was presented accurately. Any necessary adjustments to prior period UNT and UNTS consolidated financial statements will be completed by August 31, 2014.

UNT System Internal Audit
Fiscal Year 2014
Finance
Construction Close-out Process Review

Three construction-project accounts associated with completed projects at UNT Dallas remain open with deficit balances totaling $241,607. When a construction project has been determined to be substantially complete, this starts the beginning of the one year project warranty period. During this warranty period steps are usually taken by System Facilities to close the project by the end of the warranty period. However, this process has been delayed due to the deficit balances.

Low

Suggested Management Action for James Maguire, Vice Chancellor for Facilities Planning and Construction & Chief Architect:

Work with UNT Dallas personnel and take appropriate steps to identify funding to cover the account deficits, and then close the open accounts associated with the construction-office buildings at UNT Dallas.

UNT System Enterprise Audit agrees with the report finding. There are multiple accounts associated with the construction of the buildings at UNT Dallas. UNT System Facilities will meet with UNT Dallas budget personnel to identify appropriate expenditures that can be moved from deficit accounts to accounts with available funds and then assist them in the closing the associated accounts.
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<tr>
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<th>Reporting Agency</th>
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<th>Report Name</th>
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<tbody>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>Construction Close-out Process Review</td>
<td>UNT System</td>
<td>Three construction project accounts associated with completed projects at UNT Dallas remain open with deficit balances totaling $214,807. When a construction project has been determined to be substantially complete, this starts the beginning of the one year project warranty period. During the warranty period steps are usually taken by System Facilities to close the project by the end of the warranty period. However, this process has been delayed due to the deficit balances.</td>
<td>Low</td>
<td>Suggested Management Action for James Maguire, Vice Chancellor for Facilities Planning and Construction &amp; Chief Architect: Develop procedures and controls to assure that construction accounts are closed in a timely manner and expenditures cannot be charged to accounts that will result in deficit spending. Implementation will ensure that UNT Dallas project accounts are closed and the deficit spending is addressed.</td>
<td>UNT System Facilities agrees with the report finding. At the end of a project warranty period, UNT System facilities will close all associated general ledger project accounts out within 12 months. In addition, a project close out checklist will be developed documenting the action steps taken to close the project and the date completed.</td>
<td>Don Lynch, Director of System Facilities Administration</td>
<td>1/31/2014</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>Finance and Administration Expense Review</td>
<td>UNT Dallas</td>
<td>Numerous instances of non-compliance were noted regarding travel, reimbursement, and PCard transactions. For the travel and reimbursements transactions reviewed totaling approximately $110,000 (FY 2011, 2012, and 2013), Internal Audit observed the following: • The Request to Travel (RTT) form was not consistently present, signed, and/or complete (11 instances); • Receipts were not consistently provided and were missing (22 instances); and, • Supporting documentation was unorganized and/or not retained. In general, Internal Audit observed numerous business related meals, books, and electronic accessories purchased and subsequently reimbursed for PCard transactions reviewed totaling approximately $135,000 (January 2012 – April 2013), Internal Audit also observed the following: • Food and Beverage Purchase Justifications forms not consistently used (27 instances); • Exception Request Forms not used for restricted purchases (three instances); • Split purchases were observed (six instances totaling approximately $12,000); • Restricted purchases observed such as recurring satellite cable provider and security system bills and notary fees (three instances); • Sales tax was charged (13 instances); and</td>
<td>Moderate</td>
<td>Suggested Management Actions for the Vice President for Finance and Administration/CTO: Review the PCard guidelines with cardholders, reconciliation, and approvers to help ensure compliance. Ensure all parties understand their responsibilities. BSC provided training should be attended to understand any changes or updates to the process. We concur. PCard holder and reconciler will attend BSC PCard training and will document expectation that cardholder will comply with BSC policies and procedures. Reconciler will monitor utilization trends and notify management of activity that should be transitioned to requisition process. The campus will ensure compliance with BSC policies related to travel and business related reimbursements instead of establishing separate practices.</td>
<td>J. Carlos Hernández, Vice President for Finance and Administration/CTO</td>
<td>12/1/2013</td>
<td>Closed</td>
<td></td>
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</tbody>
</table>
Numerous instances of non-compliance were noted regarding travel, reimbursement, and PCard transactions. For the travel and reimbursements transactions reviewed totaling approximately $11,000 (FY 2011, 2012, and 2013), Internal Audit observed the following:

• The Request to Travel (RTT) form was not consistently present, signed, and/or complete (1 instance);
• Receipts were not consistently provided and were missing (11 instances); and,
• Supporting documentation was unorganized and/or not retained.

In general, Internal Audit observed numerous business related meals, books, and electronic accessories purchased and subsequently reimbursed. For PCard transactions reviewed totaling approximately $135,000 (January 2012 – April 2013), Internal Audit also observed the following:

• Food and Beverage Purchase Justification forms not consistently used (27 instances);
• Exception Request Forms not used for restricted purchases (three instances);
• Split purchases were observed (six instances totaling approximately $12,000);
• Restricted purchases observed such as recurring satellite cable provider and security system, and/or not retained.

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• Exception Request Forms not used for restricted purchases (three instances);
• Split purchases were observed (six instances totaling approximately $12,000);
• Restricted purchases observed such as recurring satellite cable provider and security system, and/or not retained.

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• Food and Beverage Purchase Justification forms not consistently used (27 instances);
• Exception Request Forms not used for restricted purchases (three instances);
• Split purchases were observed (six instances totaling approximately $12,000);
• Restricted purchases observed such as recurring satellite cable provider and security system, and/or not retained.

1. Carlos Hernandez, Vice President for Finance and Administration/CFO
2. 12/1/2013
3. Closed
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| Internal  | UNT System Internal Audit | Fiscal Year 2014 | Finance | Finance and Administration Expense Review | UNT Dallas | Numerous instances of non-compliance were noted regarding travel, reimbursement, and PCard transactions. For the travel and reimbursements transactions reviewed totaling approximately $11,000 (FY 2011, 2012, and 2013), Internal Audit observed the following:  
• The Request to Travel (RTT) form was not consistently present, signed, and/or complete (11 instances);  
• Receipts were not consistently provided and were missing (22 instances); and,  
• Supporting documentation was unorganized and/or not retained.  
In general, Internal Audit observed numerous business related meals, books, and electronic accessories purchased and subsequently reimbursed. For PCard transactions reviewed totaling approximately $135,000 (January 2012 – April 2013), Internal Audit also observed the following:  
• Food and Beverage Purchase justifications forms not consistently used (27 instances);  
• Exception Request Forms not used for restricted purchases (three instances);  
• Split purchases were observed (six instances totaling approximately $12,000);  
• Restricted purchases observed such as recurring satellite cable provider and security systems and notary fees (three instances);  
• Sales tax was charged (11 instances); and, | Moderate | Suggested Management Actions for the Vice President for Finance and Administration/CFO:  
Continue to develop and refine campus specific policies related to travel and business related reimbursements for all employees. This could include limits and/or detailed expectations for business meals and other business related purchases. Implementation of these suggested actions will help assure compliance with PCard guidelines, as well as improve the overall control environment in the UNT Dallas Finance and Administration Office and campus. | We concur. PCard holder and reconciler will attend BSC PCard training and will document expectation that cardholder will comply with BSC policies and procedures. Reconciler will monitor utilization trends and notify management of activity that should be transferred to requisition process. The campus will ensure compliance with BSC policies related to travel and business related reimbursements instead of establishing separate practices. | J. Carlos Hernandez, Vice President for Finance and Administration/CFO | 12/1/2013 | Closed |
| Internal  | UNT System Internal Audit | Fiscal Year 2014 | Governance and Regulatory Compliance | NCAA Compliance Review – Eligibility Certification | UNT | The review and testing of operational processes and controls indicated that business procedures and controls pertaining to the determination of student-athlete eligibility certification are effective and operating as intended. For the sample tested, information recorded and maintained to determine student-athlete eligibility for the Fall 2012 and Spring 2013 semesters was accurate.  
The Office of the Registrar and the Athletics department are proactive in ensuring that the University has complied with NCAA eligibility requirements and maintain accurate information used in determining student-athlete eligibility. Meetings are often held between the two departments to ensure UNT compliance. The Office of the Registrar recently developed a control schedule called “Student Athlete Checklist for Continuing Students” to assist in documenting that NCAA requirements have been met. Internal Audit noted a need to improve the recording of signatures and dates on some supporting documentation, this was discussed during the Exit Meeting. | NA | None | NA | NA | NA | NA |
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<td>UNT System</td>
<td>Fiscal Year 2014</td>
<td>Finance</td>
<td>UNT Dining Services A/P Audit</td>
<td>UNT</td>
<td>UNT Dining Services is not verifying that they have been billed in accordance with the contract terms with Ben E. Keith. Ben E. Keith, Dining Services main food vendor, is required to bill Dining Services the identical amount that Ben E. Keith pays for food products purchased from other vendors. On top of this amount, Ben E. Keith is allowed to charge a profit margin, not greater than 6.5%. The method by which the margin is calculated is detailed in the contract. Currently, in processing payments to Ben E. Keith, Dining Services is not verifying that the 6.5% margin has been calculated correctly and in accordance with the contract terms. Also, the contract includes a right to audit clause so that UNT can verify that it has been charged the same amount that Ben E. Keith has paid. Dining Services has never exercised this option.</td>
<td>Moderate</td>
<td>Suggested Management Action for the Executive Director of Dining Services: 1. Implement a process and procedure to audit the Ben E. Keith invoices to verify that UNT is billed in accordance with the contract terms. Implementation will provide assurance that UNT Dining Services is verifying and paying no more than the agreed six and one-half percent (6.5%) margin.</td>
<td>We will be conducting periodic audits of the Ben E. Keith invoices and verifying the 6.5% margin is being enforced.</td>
<td>Susan Cruz, Business Manager</td>
<td>2/1/2014</td>
<td>Closed</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2014</td>
<td>Research</td>
<td>Restricted Research Review</td>
<td>UNT</td>
<td>Expenditures for one research project were not included in the 2012 annual report to the Texas Higher Education Coordinating Board (THECB). At the time of initial setup, a research project was inadvertently assigned a National Association of College and University Business Officers (NACUBO) class code that identified the project as public service instead of restricted research in the University's general ledger (GL) system. Subsequently, when restricted research expenditures data were extracted from the GL to report to the THECB, expenditures for the project coded as public service were not included.</td>
<td>Moderate</td>
<td>Suggested Management Action for the Director of the Office of Research Services: 1. Develop a process to match and reconcile restricted research awards with corresponding restricted research expenditures prior to reporting to the THECB or other regulatory entities. Implementation will provide assurance that restricted research awards are accurately matched or reconciled to restricted research expenditures prior to reporting to the THECB.</td>
<td>Develop and use a control report on a consistent basis to ensure that NACUBO class coding for restricted research awards matches corresponding reporting for restricted research expenditures.</td>
<td>Brit Krhovjak, Assistant Director for Research Accounting</td>
<td>11/30/2013</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2014</td>
<td>Governance and Regulatory Compliance</td>
<td>JAMP Review</td>
<td>UNT</td>
<td>Based on the results of the procedures performed, processes and controls related to JAMP financial activity appear to be effective and functioning as intended. Expenditures were in compliance with the JAMP Agreement and JAMP Expenditure Guidelines. In addition, the final FY 2012 JAMP Expenditure Report prepared by the Office of Research Services and submitted to the JAMP Council was accurate. Expenditures for fiscal year 2013 totaled $16,191; resulting in $677 in unspent funds. These funds are in the process of being returned to the JAMP Council.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>Recommended Action</td>
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<td>Internal</td>
<td>2014</td>
<td>Academic and Students</td>
<td>UNTHSC</td>
<td>UNTHSC does not have comprehensive policies and/or procedures for cash handling. While the Office of Accounting has a cash handling procedure, it does not give specific detail on maintaining of cash balances in a department (i.e. maintaining a record of custody, entrance procedures for safe, distribution of cash payments, and independent reconciliation). The following was observed regarding cash handling in the SHP: • The department withdraws cash to pay research/simulated patients a fee for participation in a study of class. After the cash is provided to the SHP, no record of custody is maintained when cash is passed from one employee to another. • There was no log showing entrance into the safe where these funds were kept. • Funds were not in the location indicated on the 'Research Participation Custodial Agreement' form. • Large cash balances were withdrawn and held for periods exceeding three months. In our sample of withdrawals for research or training patients, three institutionally funded projects had cash outstanding of $16,190.</td>
<td>Moderate</td>
<td>Suggested Management Action For Controller and Chief Budget Officer: Develop comprehensive cash handling policies and/or procedures that ensure cash is safeguarded. The procedure should include processes for: Maintaining a chain of custody, storing cash in a safe, entrance into the safe, distributing cash to patients, returning all unused funds, and establishing an independent reconciliation.</td>
<td>Management agrees that UNTHSC does not have comprehensive procedure for cash handling, although there is a procedure for handling petty cash. Management will develop a general policy for instances that are outside the scope of petty cash. The suggestion will be made to the BSC Director of Purchasing to add instructions regarding securing funds to the simulated patient and research participant procedures.</td>
<td>Kim Schaade, Associate Controller</td>
<td>1/31/2014</td>
<td>Closed</td>
<td></td>
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<td>Fiscal Year 2014</td>
<td>Academic and Students</td>
<td>School of Health Professions Review Audit</td>
<td>UNTHSC does not have comprehensive policies and/or procedures for cash handling. While the Office of Accounting has a cash handling procedure, it does not give specific detail on maintaining of cash balances in a department (i.e. maintaining a record of custody, entrance procedures for a safe, distribution of cash payments, and independent reconciliation). The following was observed regarding cash handling in the SHP: 1. The department withdraws cash to pay research/simulated patients a fee for participation in a study of class. After the cash is provided to the SHP, no record of custody is maintained when cash is passed from one employee to another. 2. There was no log showing entrance into the safe where these funds were kept. 3. Funds were not in the location indicated on the Research Participation Custodial Agreement form. 4. Large cash balances were withdrawn and held for periods exceeding three months. In our sample of withdrawals for research or training patients, three institutionally funded projects had cash outstanding of $16,190.</td>
<td>Moderate</td>
<td>Suggested Management Action: Determine the funds needed for a three-month period and return all excess funds to the original ProjIDs or DeptIDs. Implementation will protect staff members and cash by ensuring that cash is adequately safeguarded.</td>
<td>Management Agrees and will ensure that each department has written procedures for handling cash. The suggestions mentioned in Item #4 will be included in the guidelines that the school will present prior to February 28, 2014.</td>
<td>Syndi Espinoza, Assistant to the Chair (PT) Kim Williams, Assistant to the Chair (PA)</td>
<td>02/28/2014</td>
<td>Closed</td>
<td></td>
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<td>Fiscal Year 2014</td>
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<td>UNTHSC does not have comprehensive policies and/or procedures for cash handling. While the Office of Accounting has a cash handling procedure, it does not give specific detail on maintaining of cash balances in a department (i.e. maintaining a record of custody, entrance procedures for a safe, distribution of cash payments, and independent reconciliation). The following was observed regarding cash handling in the SHP: 1. The department withdraws cash to pay research/simulated patients a fee for participation in a study of class. After the cash is provided to the SHP, no record of custody is maintained when cash is passed from one employee to another. 2. There was no log showing entrance into the safe where these funds were kept. 3. Funds were not in the location indicated on the Research Participation Custodial Agreement form. 4. Large cash balances were withdrawn and held for periods exceeding three months. In our sample of withdrawals for research or training patients, three institutionally funded projects had cash outstanding of $16,190.</td>
<td>Moderate</td>
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<td>Management Agrees and will ensure that each department has written procedures for handling cash. The suggestions mentioned in Item #4 will be included in the guidelines that the school will present prior to February 28, 2014.</td>
<td>Syndi Espinoza, Assistant to the Chair (PT) Kim Williams, Assistant to the Chair (PA)</td>
<td>02/28/2014</td>
<td>Closed</td>
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</tbody>
</table>
Internal / External: Internal
Reporting Agency: UNT System - Internal Audit
Fiscal Year: 2014
Audit Category: Finance
Component Institution: UNT Endowment, Revnet - Audit
Report Name: UNT

Observations:
Students received scholarships from the Texas Apartment Association (TAA) that were not processed through the Office of Student Financial Aid and Scholarships (SFAS). Students enrolled in the Residential Property Management (RPM) degree program offered by the Department of Finance, Insurance, Real Estate and Law (FIREL) are eligible to apply for a scholarship from the TAA. Scholarships awarded by TAA are sent directly to the student. Consequently, the awards are not processed through SFAS.

Risk Level: Low
Recommendation Details:
Recommendations for Chair of the FIREL Department:
Establish procedures to work in conjunction with the TAA to identify recipients of scholarships, ascertain the amount of each scholarship awarded, and direct scholarship payments to the Office of Student Financial Aid and Scholarships for coordination and processing; or consult with the donor, Office of General Counsel, and SFAS to amend the MOU so that the requirements conform to current practice.

Management Response:
1: Management agrees that the following portion of the MOU has not been implemented: "The University agrees to establish a RPM Program scholarship to be funded by the Donor, and to work in conjunction with the Donor to identity candidates and recipients for the scholarship." Since the donor chose to not fund the program, the University could not establish the program scholarship as described in the MOU. Since the program was never created, no scholarships were ever awarded as UNT RPM program scholarships.
Management agrees to consult with the donor and the Office of General Counsel to amend the MOU to delete the reference in the statement quoted above.

Implementation:
Michael Braswell, TAA Professor and Marcia J. Staff, Chair, FIREL
Implementation Date: 3/1/2014
Status: Closed

External
Consult on Education for Public Health Accreditation Committee
Fiscal Year: 2015
Governance and Regulatory Compliance
National CEPH Certification
UNTHSC
Accreditation approved through 12/31/2022.

Implementation:
NA
Status: NA

External
Deloitte & Touche in conjunction with UNT System Internal Audit
Fiscal Year: 2015
Finance
University of North Texas System - University of North Texas Health Science Center Benefits Funding Proportionality Analysis
UNTHSC
Based on the methodology used, the analysis identified no excess benefit expenditures or ineligible salary expenditures reimbursed paid to UNTHSC. Additionally, the AY2012 & AY2013 Accounting Policy Statement 011 forms submitted by UNTHSC were reviewed with no material issues identified.

Implementation:
NA
Status: NA

External
Deloitte & Touche in conjunction with UNT System Internal Audit
Fiscal Year: 2015
Finance
University of North Texas System Benefits Funding Proportionality Analysis
UNT System
The following exceptions were identified through the analysis of the appropriation year 2012 APS 011 form submitted to the TXCPA and should be discussed with TXCPA for any required remediation steps:
- The appropriated amount for TRS expenditures through Fund 0001 was not included in Section 2.c of the finalized form. This amount was recorded as $0.00 instead of $353,077.69.
- The TRS expenditure component of the local funds adjustment section of the APS 011 was reported as $41,430.00 instead of $394,507.69, which resulted in the GR-D local funds adjustment in Section 1 being reported as ($166,137.00) instead of ($210,107.00).

Implementation:
NA
Status: NA

External
Deloitte & Touche in conjunction with UNT System Internal Audit
Fiscal Year: 2015
Finance
University of North Texas System - University of North Texas at Dallas Benefits Funding Proportionality Analysis
UNT Dallas
The following exceptions were identified through the analysis of the appropriation year 2013 APS 011 form submitted to the TXCPA and should be discussed with TXCPA for any required remediation steps:
- The appropriated amount for TRS expenditures through Fund 0001 was not included in Section 2.c of the finalized form. This amount was recorded as $0.00 instead of $193,017.09.

Implementation:
NA
Status: NA

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<td>Deloitte &amp; Touche in coordination with UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>UNT System</td>
<td>Lack of Compliance with Generally Accepted Accounting Principles (GAAP): The process related to the preparation of the combined financial statements and related footnotes is not well defined and documented and does not require a detailed review and verification of financial information to substantiate the accuracy and completeness of the information presented. As a result, there is a risk that information is not properly presented or disclosed in accordance with GAAP. Some of the specific issues noted throughout this report point to specific errors identified, however there is a risk that other errors in the financial statements may exist and should be addressed to determine the proper presentation in accordance with GAAP.</td>
<td>High</td>
<td>Implement a process to validate financial statements are prepared and presented in accordance with GAAP. This should include implementing a process for proper detailed review by management of the financial statements. This process should include: The definition of roles and responsibilities relative to the preparation and review of the financial statements; The use of a footnote disclosure checklist to evaluate relevant footnotes are included; and A detailed review of schedules supporting the financial statements, including the cash flow statement, the footnotes to the financial statements, and the management discussion and analysis. Independently review the detail of the consolidation working papers for the financial statement line items and related footnotes for the fiscal year 2013 financial statements to identify errors or missing disclosures. Perform an analysis of the Chart of Accounts to deprecate unnecessary or unused accounts, and implement procedures to review the Chart of Accounts on a periodic basis.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Financial Statement Integrity Thread and Account Reconciliation and Validation Thread.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
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<td>External</td>
<td>Deloitte &amp; Touche in coordination with UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
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<td>University of North Texas System Financial Reporting Analysis</td>
<td>UNT System</td>
<td>Lack of Compliance with Generally Accepted Accounting Principles (GAAP): The process related to the preparation of the combined financial statements and related footnotes is not well defined and documented and does not require a detailed review and verification of financial information to substantiate the accuracy and completeness of the information presented. As a result, there is a risk that information is not properly presented or disclosed in accordance with GAAP. Some of the specific issues noted throughout this report point to specific errors identified, however there is a risk that other errors in the financial statements may exist and should be addressed to determine the proper presentation in accordance with GAAP.</td>
<td>High</td>
<td>Independently review the detail of the consolidation working papers for the financial statement line items and related footnotes for the fiscal year 2013 financial statements to identify errors or missing disclosures.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Financial Statement Integrity Thread and Account Reconciliation and Validation Thread.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>Deloitte &amp; Touche in coordination with UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>UNT System</td>
<td>Lack of Compliance with Generally Accepted Accounting Principles (GAAP): The process related to the preparation of the combined financial statements and related footnotes is not well defined and documented and does not require a detailed review and verification of financial information to substantiate the accuracy and completeness of the information presented. As a result, there is a risk that information is not properly presented or disclosed in accordance with GAAP. Some of the specific issues noted throughout this report point to specific errors identified, however there is a risk that other errors in the financial statements may exist and should be addressed to determine the proper presentation in accordance with GAAP.</td>
<td>High</td>
<td>Perform an analysis of the Chart of Accounts to deprecate unnecessary or unused accounts, and implement procedures to review the Chart of Accounts on a periodic basis.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Financial Statement Integrity Thread and Account Reconciliation and Validation Thread.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>
**Internal / External**  | **Reporting Agency**  | **Fiscal Year**  | **Audit Category**  | **Report Name**  | **Component Institution**  | **Key Observations**  | **Risk Level**  | **Recommendation Details**  | **Management Response**  | **Individual Responsible for Implementation**  | **Expected Implementation Date**  | **Recommendation Status**  
---|---|---|---|---|---|---|---|---|---|---|---|---  
External  | Deloitte & Touche in coordination with UNT System Internal Audit  | Fiscal Year 2015  | Finance  | University of North Texas System Financial Reporting Analysis  | UNT System  | Inadequate Financial Reporting and Accountability Practices: Recent finance organizational changes, such as personnel departures, have left the finance organization without consistent leadership and process accountability.  | High  | Perform personnel assessments to determine whether knowledgeable employees with requisite accounting and financial reporting experience are assigned to critical financial reporting positions. In addition, management should consider its current hiring practices in the evaluation, including minimum requirements for supervisory/managerial positions in order to promote accountability of financial processes.  | Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Change Management and Governance Thread.  | NA  | NA  | NA  
External  | Deloitte & Touche in coordination with UNT System Internal Audit  | Fiscal Year 2015  | Finance  | University of North Texas System Financial Reporting Analysis  | UNT System  | Undocumented or Insufficiently Established Financial Policies and Procedures: While some financial policies and procedures have been established, there is currently no formal process in place to review, review, and evaluate these guidelines on a periodic basis to facilitate applicability and pertinence and determine that they are consistently applied across the component institutions. In addition, the lack of formal review of policies and procedures subjects UNTS to potential non-compliance with GAAP, as well as regulatory and compliance requirements.  | High  | Institute an initiative to fully inventory and review existing financial policies and procedures. Additionally, consideration should be given, as part of this review, to determine whether policies and procedures fully meet management's intention and are in accordance with GAAP. A formal review process should be established to confirm policies and procedures are reviewed on a periodic basis going forward (at least annually).  | Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, management has identified financially significant polices that are currently being drafted within the Policies & Procedures Thread.  | NA  | NA  | NA  
External  | Deloitte & Touche in coordination with UNT System Internal Audit  | Fiscal Year 2015  | Finance  | University of North Texas System Financial Reporting Analysis  | UNT System  | Improper Segregation of Duties (SOD) Between Job Responsibilities: Current practices indicate that measures to prevent or detect SOD conflicts have not been established by management. This includes preventative or detective measures within applications, business process, and recording of transactions to the general ledger.  | High  | Management should promptly establish policies and procedures to prevent the assignment of conflicting job duties. Consideration should be given to personnel job duties within individual applications, between applications, and manual activities performed outside of an application. Additionally, an initiative should be instituted to analyze current job responsibilities in order to identify and terminate SOD conflicts, including canceling system access for personnel that are no longer employed by UNTS or do not require access to particular application roles based on their job responsibilities.  | Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and IT Alignment Thread.  | NA  | NA  | NA  
External  | Deloitte & Touche in coordination with UNT System Internal Audit  | Fiscal Year 2015  | Finance  | University of North Texas System Financial Reporting Analysis  | UNT System  | Incomplete, Inaccurate, and Inappropriate Account Reconciliation Practices: Management of the account reconciliation process does not provide proper oversight of the accuracy of UNTS's general ledger and the financial statements. Specifically:  | High  | Management should promptly establish procedures governing account reconciliation practices to confirm significant accounts are reconciled completely and on a timely basis. In addition, management should issue guidance on researching and resolving reconciling differences to confirm that such differences are investigated for proper accounting treatments. Management should also consider implementing processes to require a supervisor or manager with requisite knowledge of the account to review the reconciliation for completeness and accuracy, as well as standardize and define an appropriate account reconciliation.  | Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Account Reconciliation and Validation Thread.  | NA  | NA  | NA  

**UNTS Enterprise Audit Report Inventory**
| External | Deloitte & Touche in coordination with UNT System Internal Audit | Fiscal Year 2015 | Finance | University of North Texas System Financial Reporting Analysis | UNT System | Absence of formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. | High | Promptly implement the following practices: Require that proper documentation be maintained with journal entries with financial reporting office. | Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread. | NA | NA | NA |

| External | Deloitte & Touche in coordination with UNT System Internal Audit | Fiscal Year 2015 | Finance | University of North Texas System Financial Reporting Analysis | UNT System | Absence of formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. | High | Perform an analysis of journal entries recorded in FY2013 and FYE 2014 to date to identify errors in reporting. | Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread. | NA | NA | NA |

<p>| External | Deloitte &amp; Touche in coordination with UNT System Internal Audit | Fiscal Year 2015 | Finance | University of North Texas System Financial Reporting Analysis | UNT System | Absence of formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. | High | Configure PeopleSoft to enforce that bookkeepers and approvers can only post/approve journal entries into the specific accounts to which they are assigned. Management should regularly review the list of accounts for which each bookkeeper is authorized to create entries. | Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies &amp; Procedures Thread. | NA | NA | NA |</p>
<table>
<thead>
<tr>
<th>Internal / External</th>
<th>Reporting Agency</th>
<th>Fiscal Year Report was Issued</th>
<th>Audit Category</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
<th>Management Response</th>
<th>Individual Responsible for Implementation</th>
<th>Expected Implementation Date</th>
<th>Recommendation Status</th>
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<td>External</td>
<td>Deloitte &amp; Touche in coordination with UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>Absence of formal journal entry and supporting documentation requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred.</td>
<td>High</td>
<td>Configure PeopleSoft so that approvers cannot approve their own entries.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies &amp; Procedures Thread.</td>
<td>NA</td>
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<td>High</td>
<td>Establish a formal written policy that disallows approvers from approving their own entries and/or from creating entries, sending them to a bookkeeper to place into PeopleSoft, and then approving them.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies &amp; Procedures Thread.</td>
<td>NA</td>
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<td>High</td>
<td>Establish formal written policies that require entries to be reviewed by someone at least one level higher than their original creator.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies &amp; Procedures Thread.</td>
<td>NA</td>
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<td>Finance</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>LNT System</td>
<td>Absence of formal Journal Entry Review and Supporting Documentation Requirements: Current Journal Entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: Journal entries are not properly supported; Journal entries were made that are not properly reviewed by someone separate from the preparer; Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred.</td>
<td>High</td>
<td>Establish dollar amount thresholds that each level of bookkeeper can create, as well as the minimum level of review required prior to posting.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies &amp; Procedures Thread.</td>
<td>NA</td>
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<td>High</td>
<td>Restrict the preparation and review of journal entries to individuals with financial accounting and reporting responsibilities.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies &amp; Procedures Thread.</td>
<td>NA</td>
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<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>LNT System</td>
<td>Undocumented Business Processes: UNTS has not maintained written documentation for certain business processes identified as key by UNTS management. Management cannot efficiently identify, nor do they have sufficient documentation on, the significant flow of transactions, including ownership of the processes impacting its components and the consolidated financial statements.</td>
<td>High</td>
<td>Implement an initiative to document business processes to validate that documentation is properly prepared and maintained.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread.</td>
<td>NA</td>
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<td>High</td>
<td>Additionally, management should consider preparing second end-state documentation, such as narratives and graphical process flows, as part of its finance transformation objectives to address identified process gaps.</td>
<td>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread.</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>UNT System</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
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<tr>
<td>External</td>
<td>Deloitte &amp; Touche in coordination with UNT System Internal Audit</td>
<td>Fall 2015</td>
<td>Finance</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>Improper Design of Information Technology Controls: Management currently has internal control design gaps in the database security procedures supporting the PeopleSoft financials application. Security administration roles have not been fully and formally defined, and the logging and review of security events are not performed. Additionally, management has not performed a review of the following applications related to financial statements: Blackbaud; HSC Health – UNT Health Epicor; Dining Services; Facilities; Televes – MySoft; and Residential Management System Housing.</td>
<td>Moderate</td>
<td>Implement a unified General Information Technology Controls (GITC) framework for applications, databases, and operating systems that directly or indirectly impact financial statement assertions. Management should consider adopting the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control- Integrated Framework as their basis for implementing effective internal controls.</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>Deloitte &amp; Touche in coordination with UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>Improper Design of Information Technology Controls: Management currently has internal control design gaps in the database security procedures supporting the PeopleSoft financials application. Security administration roles have not been fully and formally defined, and the logging and review of security events are not performed. Additionally, management has not performed a review of the following applications related to financial statements: Blackbaud; HSC Health – UNT Health Epicor; Dining Services; Facilities; Televes – MySoft; and Residential Management System Housing.</td>
<td>Moderate</td>
<td>Management should perform a similar review of financially significant applications to assess the design and implementation of GITCs outside of PeopleSoft.</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>Deloitte &amp; Touche in coordination with UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>University of North Texas System Financial Reporting Analysis</td>
<td>Lack of Continuous Accounting and Technical Training for Financial Reporting Personnel: Financial reporting office staff and management receive insufficient training on accounting methodologies, generally accepted accounting principles, financial reporting, internal controls, PeopleSoft, and the application of policies and procedures.</td>
<td>High</td>
<td>Implement a similar initiative to re-engineer business processes to verify internal controls over financial reporting are appropriately identified, implemented, and monitored by leveraging a risk-based assessment methodology. As part of this initiative, management should determine that internal controls for the key processes identified by UNTS management meet the circumstances for its financial statement assertions. Management should consider adopting the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework as their basis for implementing effective internal controls.</td>
<td>NA</td>
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Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the IT Alignment Thread.
<table>
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<th>Audit Category</th>
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<th>Report Name</th>
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<th>Recommendation Status</th>
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<tbody>
<tr>
<td>Government and Regulatory Compliance</td>
<td>Grant Thornton</td>
<td>2015</td>
<td>Consolidated Annual Financial Report of the University of North Texas System</td>
<td>UNT System</td>
<td>In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the System as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Government and Regulatory Compliance</td>
<td>Grant Thornton</td>
<td>2015</td>
<td>Cancer Prevention and Research Institute of Texas (CPRIT) Report on the Schedule of Expenditures of State Awards</td>
<td>UNT/UTHSC, UNT</td>
<td>As a result of our audit, we noted that the University had incomplete support for four out of the twenty-two and one out of twenty-five judgmentally selected expenditures for fiscal years 2013 and 2014, respectively. To be allowable under State awards, costs must have complete and adequate documentation.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Government and Regulatory Compliance</td>
<td>Grant Thornton</td>
<td>2015</td>
<td>Cancer Prevention and Research Institute of Texas (CPRIT) program Report on Compliance for Cancer Prevention &amp; Research Institute of Texas Financial Assistance Program</td>
<td>UNT/UTHSC, UNT</td>
<td>As a result of our audit, we noted that the University had incomplete support for four out of the twenty-two and one out of twenty-five judgmentally selected expenditures for fiscal years 2013 and 2014, respectively. To be allowable under State awards, costs must have complete and adequate documentation.</td>
<td>NA</td>
<td>None</td>
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<td>NA</td>
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<tr>
<td>Government and Regulatory Compliance</td>
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<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>Merki &amp; Associates P.C.</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT</td>
<td>We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2014 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2014 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.</td>
<td>NA</td>
<td>Re-class all amounts listed on line 26 (equipment, uniforms and supplies) under Non-Program Specific report appropriately. Per the NCAA there should be no amount on this line item for the Non-Program Specific report.</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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</table>

| External            | Merki & Associates P.C. | Fiscal Year 2015 | Governance and Regulatory Compliance | UNT | We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2014 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2014 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found. | NA | Re-class all amounts listed on Line 25 (Team Travel) under department ID 60800 and 60816 in the Non-Program Specific report to Line 35 (Other Operating Expenses). | None | NA | NA | Closed |

<p>| External            | Merki &amp; Associates P.C. | Fiscal Year 2015 | Governance and Regulatory Compliance | UNT | We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2014 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2014 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found. | NA | Provide explanations for the highlighted variances on each attached report. If any items need to be re-classified after examination of the variances please do so accordingly and re-submit the appropriate report(s) to our firm. | None | NA | NA | Closed |</p>
<table>
<thead>
<tr>
<th>Internal / External</th>
<th>Reporting Agency</th>
<th>Fiscal Year</th>
<th>Audit Category</th>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
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<th>Recommendation Details</th>
<th>Management Response</th>
<th>Individual Responsible for Implementation</th>
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<tbody>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2014</td>
<td>UNT</td>
<td>Cost of Attendance - Eligibility - Cost of Attendance - For 28 (47 percent) of 60 students tested, the University of North Texas (University) incorrectly or inconsistently calculated COA. Specifically, the University included loan fees for Direct PLUS loans in the COA budget for all dependent students, regardless of whether those students received that type of loan. The University does not have a process to remove the loan fees from the COA budget if a student does not accept a Direct PLUS loan. Because the University included loan fees for those students, it overawarded financial assistance to 3 of those 28 students. Not removing Direct PLUS loan fees from COA when necessary could result in higher COA budgets and increases the risk of overawarding financial assistance.</td>
<td>NA</td>
<td>The University should:</td>
<td>Cost of Attendance</td>
<td>Management made changes to include loan fees in the COA budget only for students who receive loans. Implementation Date: August 2014</td>
<td>Dena Guzman-Torres and Lacey Thompson</td>
<td>8/1/2014</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2014</td>
<td>UNT</td>
<td>Satisfactory Academic Progress - The University's SAP policy does not meet all Federal requirements. As a result, for 6 (11 percent) of 64 students tested, the University did not correctly determine their SAP status. The University incorrectly disbursement financial assistance to five of the six students tested who did not meet SAP requirements. Having a policy that allows students to progress through their program at a pace that does not ensure that they will graduate within the maximum time frame increases the risk of federal assistance being disbursed to ineligible students. In addition, the University’s SAP policy is less strict than its academic policy for graduate students. In addition, the University’s SAP policy is less strict than its academic policy for graduate students.</td>
<td>NA</td>
<td>The University should:</td>
<td>Satisfactory Academic Progress</td>
<td>Management made changes to its SAP policy to meet federal requirements by calculating the quantitative pace requirement on a cumulative basis to ensure students graduate within the maximum time frame. For graduate students, management made changes to the policy to make it at least as strict as UNT’s academic policy.</td>
<td>Dena Guzman-Torres and Lacey Thompson</td>
<td>8/1/2014</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2014</td>
<td>UNT</td>
<td>For 1 (3 percent) of 40 students tested, the University of North Texas (University) did not correctly verify all required information on the student’s FAFSA and did not correct student SIR information when required. The University incorrectly categorized Social Security benefits as untaxed income for that student, which resulted in an overstatement of the student’s EFC. That error occurred as a result of a manual error in the University’s verification process. When audits brought that issue to the University’s attention, it removed the Social Security benefits as untaxed income and submitted corrections to the student’s SIR. That properly verifying FAFSA information can result in the University overawarding or underawarding student financial assistance.</td>
<td>NA</td>
<td>The University should accurately verify all required FAFSA information for students selected for verification and request updated SIR when required.</td>
<td>Management made changes to accurately categorize Social Security benefits for students selected for verification. Management corrected the SIR information for the one student.</td>
<td>Dena Guzman-Torres and Lacey Thompson</td>
<td>12/1/2014</td>
<td>Closed</td>
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<td>Internal / External</td>
<td>Reporting Agency</td>
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<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>UNTHSC Emergency Relocation Group (ERG) - UNTHSC</td>
<td>State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2014</td>
<td>UNT</td>
<td>None</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>UNTHSC State Office of the Governor (SORM) - UNTHSC</td>
<td>Payroll transactions and payroll deductions: Non-compliance</td>
<td>UNT</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>UNTHSC COOP-15-01 Continuity of Operations (COOP) Plan - Emergency Operations procedures are incorporated throughout the University's COOP Plan. A COOP Plan should be a stand-alone plan.</td>
<td>UNT</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>UNTHSC COOP-15-02 Emergency Relocation Group (ERG) - UNTHSC should identify alternates for the ERG.</td>
<td>UNT</td>
<td>NA</td>
<td>NA</td>
<td>Greater distinction will be made between the COOP and the ERP.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>UNTHSC COOP-15-03 Continuity of Operations (COOP) Plan - Consideration should be given to the University of North Texas System Enterprise COOP to include all campuses.</td>
<td>UNT</td>
<td>NA</td>
<td>NA</td>
<td>In the future, the University of North Texas may want to consider creating an enterprise COOP Program to include all campuses. Uniform standards would assist in limiting redundancy and creating an effective model for the system and its campuses.</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>Texas Comptroller of Public Accounts</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>UNT Dallas Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.</td>
<td>UNT Dallas</td>
<td>NA</td>
<td>The University must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: Personnel transactions are timely when they are successfully reported to HRIS on or before the seventh day of the month following their effective date.</td>
<td>NA</td>
<td>The University agrees with this finding and requirements.</td>
<td>Mary Davis, Director of Payroll</td>
<td>NA</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>Texas Comptroller of Public Accounts</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>UNT Dallas Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.</td>
<td>UNT Dallas</td>
<td>NA</td>
<td>The University must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: Payroll transactions are timely when they are reported and posted by the seventh day of the month following their payroll dates.</td>
<td>NA</td>
<td>The University agrees with this finding and requirements.</td>
<td>Mary Davis, Director of Payroll</td>
<td>NA</td>
<td>Closed</td>
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</table>
## UNTS Enterprise Audit Report Inventory

<table>
<thead>
<tr>
<th>Internal / External</th>
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<tbody>
<tr>
<td>External</td>
<td>Texas Comptroller of Public Accounts</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>Post-Payment Audit</td>
<td>UNT Dallas</td>
<td>Security: One employee who retained the security to expend funds after authority expired.</td>
<td>NA</td>
<td>The University must ensure that the person responsible for sending these requests to the Comptroller's office is aware of the designated employee's termination or revocation on or before the date the termination or revocation becomes effective. The University must also follow through with the Comptroller's office to ensure receipt of the request and removal of the employee's security.</td>
<td>The University agrees with this finding and recommendation. Despite UNT Dallas promptly initiating internal notices of terminated employees via an electronic payroll request, there was a breakdown of automatic electronic communication between the campus and UNT System which has since been remediated. Furthermore, the USAS security processing for all employees under the UNT System will be formally centralized by Sept. 1, 2015. The formalization of notification will allow for improved communication and monitoring of employee terminations or revocations. Processes within the System will be established to ensure confirmation is received from the Comptroller's office after revocation requests are submitted and matched with employee terminations or USAS revocations.</td>
<td>Randall J. Saxon, Senior Director UNT System Business Support Services</td>
<td>9/1/2015</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>Texas Comptroller of Public Accounts</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>Post-Payment Audit</td>
<td>UNT/TSJC</td>
<td>Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.</td>
<td>NA</td>
<td>The Center must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: • Personnel transactions are timely when they are successfully reported to HRIS on or before the seventh day of the month following their effective date.</td>
<td>The UNT Health Science Center agrees with this finding and requirements. HRIS reporting is currently managed by the Payroll Department in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.</td>
<td>Mary Davis, Director of Payroll</td>
<td>NA</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>Texas Comptroller of Public Accounts</td>
<td>Fiscal Year 2015</td>
<td>Finance</td>
<td>Post-Payment Audit</td>
<td>UNT/TSJC</td>
<td>Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.</td>
<td>NA</td>
<td>The Center must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: • Payroll transactions are timely when they are reported and posted by the seventh day of the month following their payment date.</td>
<td>The UNT Health Science Center agrees with this finding and requirements. HRIS reporting is currently managed by the Payroll Department in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.</td>
<td>Mary Davis, Director of Payroll</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>Texas Higher Education Coordinating Board</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>Compliance Audit of Formula Funding (Division of Enrollment)</td>
<td>UNT</td>
<td>No findings/deficiencies.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>Grant Thornton</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>CFREI Grant financial and compliance audit (State) (Office of Grant and Contract Administration)</td>
<td>UNT</td>
<td>No findings/deficiencies.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
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<td>External</td>
<td>OneStar</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>OneStar financial and compliance audit (Federal) (Office of Grant and Contract Administration)</td>
<td>No findings/deficiencies.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
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<td>External</td>
<td>Texas Higher Education Coordinating Board</td>
<td>Fiscal Year 2015</td>
<td>Academic and Students</td>
<td>College Readiness Grant financial audit (State) (Office of Grant and Contract Administration)</td>
<td>No findings/deficiencies.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
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<td>External</td>
<td>Texas Higher Education Coordinating Board</td>
<td>Fiscal Year 2015</td>
<td>Academic and Students</td>
<td>College Access Challenge Grant financial audit (State) (Office of Grant and Contract Administration)</td>
<td>No findings/deficiencies.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
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<td>External</td>
<td>Texas Higher Education Coordinating Board</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>Sandia National Lab (Federal) financial and compliance audit (Office of Grant and Contract Administration)</td>
<td>No findings/deficiencies.</td>
<td>NA</td>
<td>None</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>Family Medicine Residency Program</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>Student Managed Investment Fund Review</td>
<td>The name of a former employee is listed as the contact on monthly statements.</td>
<td>Moderate</td>
<td>Recommendation for the Chair of Finance, Insurance, Real Estate, and Law: Coordinate with the Vice President for Finance and Administration to correct the contact name on the monthly statement. Implementation will provide assurance that the current Vice President of Finance and Administration will be listed on the monthly statements and assist in assuring compliance with Section 3-2.</td>
<td>Management agrees. The chair of the FIREL department has scheduled a meeting for January 29, 2015 with the Vice President for Finance to discuss the issue.</td>
<td>1/29/2015</td>
<td>Closed</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT Facilities Certification Review</td>
<td>Based on the results of procedures performed, we concluded the projects and acquisitions of real property submitted to Texas Higher Education Coordinating Board (THECB) received 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 that were submitted to THECB.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT Presidents' Expenditures Review</td>
<td>Travel reimbursements were not reviewed and approved by the Chancellor as required by the terms of the employment agreements. Instead, travel reimbursements were reviewed and approved by Vice President for Finance or the Vice President for Research. We discussed this observation with management and prior to the end of our work, management changed this practice and now all vouchers are approved by the Chancellor.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
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<td>UNT System Internal Audit</td>
<td>Fiscal Year 2015</td>
<td>Governance and Regulatory Compliance</td>
<td>Chancellor's Expenditures Review</td>
<td>UNT System</td>
<td>None</td>
<td>None</td>
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<td>Fiscal Year</td>
<td>2015</td>
<td>Audit Category</td>
<td>Governance and Regulatory Compliance</td>
<td>NTHSC Presidents’ Expenditures Review</td>
<td>UNTHSC Auditors reviewed purchases made via the eProcurement (EPro) process and with the purchasing card (PCard) for fiscal year 2014. The results disclosed that PCard reconciliations did not contain a reconciler signature. This observation was discussed with management during the review, who agreed to take the PCard refresher training course offered by the BSC and that future expense reports generated by the Citibank Global Management System are prepared and will include cardholder, reconciler and approver signatures.</td>
<td>NA None</td>
<td>None</td>
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<tr>
<td>External</td>
<td>Merki &amp; Associates P.C.</td>
<td>Fiscal Year</td>
<td>2016</td>
<td>Audit Category</td>
<td>Governance and Regulatory Compliance</td>
<td>FY2014 NCAA Agreed-Upon Procedures (Athletics)</td>
<td>UNT We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.</td>
<td>NA None</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<td>External</td>
<td>Merki &amp; Associates P.C.</td>
<td>Fiscal Year</td>
<td>2016</td>
<td>Audit Category</td>
<td>Governance and Regulatory Compliance</td>
<td>FY2014 NCAA Agreed-Upon Procedures (Athletics)</td>
<td>UNT We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.</td>
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<td>FY2014 NCAA Agreed-Upon Procedures (Athletics)</td>
<td>UNT</td>
<td>We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.</td>
<td>NA</td>
<td>Provide explanations for any variances that exceed 10% and $50,000. If any items need to be reclassified after examination of the variances, please do so accordingly and re-submit the appropriate reports.</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<tr>
<td>FY2014 NCAA Agreed-Upon Procedures (Athletics)</td>
<td>UNT</td>
<td>We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.</td>
<td>NA</td>
<td>Confirm the placement of all NCAA distributions in line with NCAA and University standards and best practices.</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<tr>
<td>FY2014 NCAA Agreed-Upon Procedures (Athletics)</td>
<td>UNT</td>
<td>We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.</td>
<td>NA</td>
<td>Confirm no Prepaid Expenses exist for FY2016 that need to be moved to FY2015.</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<tr>
<td>Review of Project Milestone Progress; 1135 Waiver</td>
<td>UNTHSC</td>
<td>Midpoint Assessment: Identify Risk To Project Achievement - Project #138980111.2.6</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Review of Project Milestone Progress; 1115 Waiver</td>
<td>UNTHSC</td>
<td>Midpoint Assessment: Identify Risk To Project Achievments - Project #1388801111.1.8</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Review of Project Milestone Progress; 1115 Waiver</td>
<td>UNTHSC</td>
<td>Midpoint Assessment: Identify Risk To Project Achievments - Project #1388801111.4</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Verification of Patient Outcome Baseline Milestone Achievement; 1115 Waiver</td>
<td>UNTHSC</td>
<td>No errors found in baseline. Supporting documentation for sample baseline data had 2 identified issues. Baseline Rate = 70.2/100</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Verification of Patient Outcome Baseline Milestone Achievement; 1115 Waiver</td>
<td>UNTHSC</td>
<td>Verify Patient Outcome Baseline Data - Project #1388801111.3.304</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Verification of Patient Outcome Baseline Milestone Achievement; 1115 Waiver</td>
<td>UNTHSC</td>
<td>Verify that 75 Patients Received Services Between 10/1/2013 and 9/30/2014 - Project #1388801111.2</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td></td>
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<tr>
<td>External</td>
<td>Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Verification of Community Based Clinics/Mobile Teams Milestone Achievement</td>
<td>UNTHSC</td>
<td>Verify that 2 community based clinics were established and providing services between 10/1/2013 and 9/30/2014. Verify that 4 mobile clinic teams were established and providing services between 10/1/2013 and 9/30/2014. - Project #1388801111.1.2</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015</td>
<td>UNT</td>
<td>Cost of Attendance: For 15 (24 percent) of 62 students tested, the University of North Texas (University) incorrectly or inconsistently calculated COA. Making incorrect COA calculations could result in underawards or overawards of financial assistance.</td>
<td>NA</td>
<td>The University should: - include loan fees in COA only for students who receive loans and ensure that it does not make overawards of financial assistance as a result of removing the loan fees.</td>
<td>Cost of Attendance (COA): Management implemented changes last year in August 2014 to include loan fees in the COA budget for students who receive loans and ensure that the changes do not cause overawards of financial assistance as a result of removing the loan fees. Management modified the existing process to make adjustments more frequently throughout the year.</td>
<td>Dena Guzman-Torres and Lacey Thompson</td>
<td>7/1/2015</td>
<td>Closed</td>
</tr>
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<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015</td>
<td>UNT</td>
<td>Cost of Attendance: For 15 (24 percent) of 62 students tested, the University of North Texas (University) incorrectly or inconsistently calculated COA. Making incorrect COA calculations could result in underawards or overawards of financial assistance.</td>
<td>NA</td>
<td>The University should: - Calculate each student’s COA based on the correct budget.</td>
<td>Cost of Attendance (COA): Management implemented changes last year in August 2014 to include loan fees in the COA budget for students who receive loans and ensure that the changes do not cause overawards of financial assistance as a result of removing the loan fees. Management modified the existing process to make adjustments more frequently throughout the year.</td>
<td>Dena Guzman-Torres and Lacey Thompson</td>
<td>7/1/2015</td>
<td>Closed</td>
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<td>External</td>
<td>State Auditor’s Office</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015</td>
<td>UNT</td>
<td>Satisfactory Academic Progress: The University’s SAP policy did not meet certain federal requirements at the beginning of the award year. As a result, for 2 (3 percent) of 62 students tested, the University did not correctly determine their SAP status.</td>
<td>NA</td>
<td>The University should: - Continuous to ensure that its SAP policy meets federal requirements by calculating the quantitative pace requirement on a cumulative basis, rather than an annual basis; ensuring that the policy requires students to graduate within the maximum time frame; and making the SAP policy at least as strict as its academic policy.</td>
<td>Satisfactory Academic Progress: Management implemented changes in the middle of the term last year in November 2014, after it was identified by the auditors, to its SAP policy to meet federal requirements by calculating the quantitative pace requirement on a cumulative basis, rather than an annual basis; to ensure students graduate within the maximum time frame to make the SAP policy as strict as its academic policy.</td>
<td>Dena Guzman-Torres and Lacey Thompson</td>
<td>11/1/2014</td>
<td>Closed</td>
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<tr>
<td>External</td>
<td>State Auditor’s Office</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015</td>
<td>UNT</td>
<td>Federal Pell Grant: The University did not disburse Federal Pell Grant funds to one student who was eligible to receive those funds.</td>
<td>NA</td>
<td>The University should: - Disburse Federal Pell Grant funds to all eligible students.</td>
<td>Federal Pell Grant: Management implemented changes to ensure the disbursement of Federal Pell Grant funds to all eligible students.</td>
<td>Abby Goynes and Lacey Thompson</td>
<td>7/1/2015</td>
<td>Closed</td>
</tr>
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<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015</td>
<td>UNT</td>
<td>For 4 (7 percent) of 60 students who had a status change, the University submitted inaccurate effective dates to NSLDS. That occurred because the University had identified errors in its February 2015 report submission to NSC. Also, this delayed submission of its enrollment report. That delay caused the effective dates to be reflected inaccurately in NSLDS. Not reporting effective dates accurately could affect determinations that guarantees, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.</td>
<td>NA</td>
<td>The University should accurately report effective dates to NSLDS.</td>
<td>Management is attentive to the U.S. Department of Education requirements regarding reporting dates of student enrollment status changes. Management has implemented a change to the internal National Student Clearinghouse Enrollment Report to help ensure the accuracy of enrollment change dates.</td>
<td>Bryan Heard</td>
<td>8/1/2015</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2015</td>
<td>UNT</td>
<td>During this audit, the University of North Texas' (University) Office of General Counsel disclosed to auditors that the University conducted an internal investigation related to the effort that one of its researchers charged to a federal award. The University determined that the associated payroll charges of $68,236 resulted from unintentional errors related to the effort that researcher reported. In response to the increased risk related to payroll charges, auditors tested additional payroll-related expenditures at the University but did not identify any additional instances of noncompliance or control deficiencies.</td>
<td>NA</td>
<td>2015-27 The University should:</td>
<td>Coordinate the repayment of all questioned costs with the awarding agency.</td>
<td>The University of North Texas will deduct $68,236 in questioned costs from the next invoice submitted to the awarding agency. Supporting documentation will be provided to the State Auditor's Office.</td>
<td>Dr. David Schultz and Britt Krhovjak</td>
<td>2/29/2016</td>
</tr>
<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2015</td>
<td>UNT</td>
<td>During this audit, the University of North Texas' (University) Office of General Counsel disclosed to auditors that the University conducted an internal investigation related to the effort that one of its researchers charged to a federal award. The University determined that the associated payroll charges of $68,236 resulted from unintentional errors related to the effort that researcher reported. In response to the increased risk related to payroll charges, auditors tested additional payroll-related expenditures at the University but did not identify any additional instances of noncompliance or control deficiencies.</td>
<td>NA</td>
<td>2015-27 The University should:</td>
<td>Improve controls related to the review and approval of effort charged to federal awards.</td>
<td>A regular training regimen is being implemented with all principal investigators involved in federally funded research. The training includes reinforcement of requirements for supporting documentation for hours worked and allocation of effort.</td>
<td>Dr. David Schultz and Britt Krhovjak</td>
<td>5/30/2016</td>
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<tr>
<td>External</td>
<td>State Auditor's Office</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>Agencies; Higher Education Institutions; and Community Colleges/Compliance with Public Investment Requirements</td>
<td>All Components</td>
<td>Were Not Fully Compliant with the Act (Source: State Auditor's Office review of the compliance audit report that internal or external auditors issued.)</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<th>External/Internal</th>
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<th>Individual Responsible for Implementation</th>
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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNT Dallas</td>
<td>16-11-01 Safety: Fire Safety: Mechanical/Boiler (Electrical Equipment Rooms) - SORM noted during the consultation that mechanical, boiler, and electrical equipment (&quot;chiller&quot;) rooms on campus were being used to store combustible materials such as cardboard boxes, paper, etc.</td>
<td>NA</td>
<td>SORM recommends that the university remove all combustible materials from all boiler rooms, mechanical rooms, and electrical equipment rooms in accordance with the NFPA standard referenced below. (Note: Chapter 10.18.5.2 of NFPA 101)</td>
<td>Wayne McNinns, Assistant Director for Facilities</td>
<td>4/30/2016</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
</tr>
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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNT Dallas</td>
<td>16-11-02 Safety: Fire Safety: Emergency Equipment/Communication (Chiller Room #614) - SORM noted during the consultation that the Chiller Room (Room #614) was being used for storing an excessive amount of furniture and other pieces of equipment. This room has emergency procedures for a spill of the chiller chemicals which include the use of Self-Contained Breathing Apparatus (SCBA) gear. However, access to the gear is blocked by all of the equipment being stored in the room. In addition, there are no Safety Data Sheets (SDSs) nor an eyewash station present in the room.</td>
<td>NA</td>
<td>SORM recommends that the university immediately clean out this room such that the emergency procedures can be implemented as required, implement an OSHA-compliant communication program vis-a-vis these chemicals, including the placement of the correct SDS in the room, and install an ANSI-compliant eyewash station in the room. All employees exposed to these hazards should be trained on safety procedures and policies as part of the hazard communication program. References: OSHA, 29 CFR 1910.1200, &quot;Hazard Communication; ANSI/ISEA, z358.1 (2014), &quot;Standard for Emergency Eyewash and Shower Equipment&quot;</td>
<td>Wayne McNinns, Assistant Director for Facilities</td>
<td>3/30/2016</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
</tr>
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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNT Dallas</td>
<td>16-11-03 Safety: Electrical Safety: Exterior Outlet (Outside of Buildings) - SORM noted during the consultation that an exterior outlet outside of the kitchen was missing its required cover.</td>
<td>NA</td>
<td>SORM recommends that the university replace this outlet in accordance with the NFPA standard referenced below. Reference: NFPA 70 (2014), &quot;National Electrical Code,&quot; Article 406.9 (B) (1)</td>
<td>Wayne McNinns, Assistant Director for Facilities</td>
<td>12/2/2015</td>
<td>Closed</td>
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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNT Dallas</td>
<td>16-11-04 Safety: Fire Safety: Firestop in Telecommunications Room - SORM noted during the consultation that telecommunications room #616 was lacking required firestops on wall penetrations made due to data-communications wiring.</td>
<td>NA</td>
<td>SORM recommends that the university firestop these penetrations in accordance with the NFPA standard referenced below. Reference: NFPA-101 (2015), &quot;Life Safety Code,&quot; Chapter 8.3.1.5</td>
<td>Wayne McNinns, Assistant Director for Facilities</td>
<td>12/2/2015</td>
<td>Closed</td>
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<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNT Dallas</td>
<td>16-11-05 Safety: Fire Safety: Doors, Equipment, and Assemblies - SORM noted during the consultation that the fire doors and assemblies on campus were in varying states of compliance with the fire and life security codes with regard to the display of their fire-resistance ratings.</td>
<td>NA</td>
<td>SORM recommends that the university conduct an inventory of all fire doors, equipment, and assemblies and then ensure that such are listed in accordance with the NFPA standard referenced below. Reference: NFPA-101 (2015), &quot;Life Safety Code,&quot; Chapters 8.3.1.5, 8.3.2.2, 8.3.3.6, 8.3.3.2.5, 8.3.2.5.6</td>
<td>Wayne McNinns, Assistant Director for Facilities</td>
<td>3/30/2016</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
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<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNT Dallas</td>
<td>16-11-06 Safety: Light Bulb Cover (Mechanical Room in Building #1) - SORM noted during the consultation that light bulbs in the southeast corner of the mechanical room in Building #1 were fewer than eight feet from ground level and were missing a required cover.</td>
<td>NA</td>
<td>SORM recommends that the university cover these bulbs, as per the OSHA standard referenced below. Reference: OSHA, 29 CFR 1910.305 (1)(j)</td>
<td>Wayne McNinns, Assistant Director for Facilities</td>
<td>1/14/2016</td>
<td>Closed</td>
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External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-07 Safety: Fire Safety; Storage Under Stairwell - SCRM noted during the consultation that the State Fire Marshall’s office recommended that the university either remove a sprinkler, locked storage room under a stairwell in Building #1, or construct a doorway that leads directly outside and remove the doorway in the interior of the building, replacing it with a wall.

NA
SCORM recommends that the university comply with the findings of the State Fire Marshall’s office in the timeframe as directed by the SFMO.

Reference: NFPA-1 (2015); “Fire Code,” Chapters 3.4, 7.3.1.1

We have proposals from 3 contractors to remove the enclosure and bring the stair well up to code.

Wayne McInnis, Assistant Director for Facilities
4/30/2016
All SCORM recommendations are open until the next SCORM visit, in November, 2016.

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-08 Risk Management: Policies/Procedures: Facilities

SORM recommends that UNTHSC replace this building was missing its required cover.

Escutcheon plate was replaced.

Building was missing its required cover.

Combined those and other factors, SORM recommends that the university use a formal risk assessment process to consider whether the current structure and size of the facilities maintenance staff is and will continue to be adequate to meet these needs and others that may emerge over time.

Risk assessment to be complete by 7/31/16

Wayne McInnis, Assistant Director for Facilities
7/31/2016
All SCORM recommendations are open until the next SCORM visit, in November, 2016.

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-04 Safety: Electrical Safety: Junction Box Cover (RES Building) - SORM noted during the consultation that a junction box in room 200 of the RES Building was missing its required cover.

Junction box was replaced.

Junction box in accordance with the NFPA standards referenced below.

References: NFPA-70 (2014); “National Electrical Code,” Article 314.28(B)

Cover was replaced by Facilities.

Matthew Moncus, Director, Safety Office
12/12/2015
Closed

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-10 Safety: Fire Safety; Exit Signage (PCC Building) - SORM noted during the consultation that the evacuation plan in the library, 0.75 km southwest of the library, was a Carbon Dioxide “BC” type of extinguisher.

Fire Extinguisher was replaced with the proper type.

Fire Extinguisher was replaced with the proper type.

Matthew Moncus, Director, Safety Office
1/30/2016
All SCORM recommendations are open until the next SCORM visit, in November, 2016.

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-10 Safety: Fire Safety; Exitsignage (PCC Building) - SORM noted during the consultation that the exit sign in the Center for Innovative Learning, room 448 was missing its required exit sign to direct travel in emergency situations.

Signs will be ordered and installed by Facilities.

Signs will be ordered and installed by Facilities.

Matthew Moncus, Director, Safety Office
1/30/2016
All SCORM recommendations are open until the next SCORM visit, in November, 2016.

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-03 Safety: Fire Safety: Escutcheon Plate (PCC Building) - SORM noted during the consultation that an escutcheon plate was missing on one of the sprinkler heads on the first floor of the PCC building, near room 174.

Escutcheon plate was replaced.

Escutcheon plate in accordance with the NFPA standards referenced below.

References: NFPA-10 (2013), “Standard for Portable Fire Extinguishers,” Chapters 5.1.2, 5.4.1.2

Matthew Moncus, Director, Safety Office
11/2/2015
Closed

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-02 Safety: Fire Safety; Exit Signage (PCC Building) - SORM noted during the consultation that the exit sign from room 274 was missing its required exit sign to direct travel in emergency situations.

Signs will be ordered and installed by Facilities.

Signs will be ordered and installed by Facilities.

Matthew Moncus, Director, Safety Office
1/30/2016
All SCORM recommendations are open until the next SCORM visit, in November, 2016.

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-03 Safety: Fire Safety: Junction Box Cover (RES Building) - SORM noted during the consultation that a junction box in room 200 on the first floor of the RES building was missing its required cover.

Junction box was replaced.

Junction box in accordance with the NFPA standards referenced below.

References: NFPA-70 (2014); “National Electrical Code,” Article 314.28(B)

Cover was replaced by Facilities.

Matthew Moncus, Director, Safety Office
12/12/2015
Closed

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-02 Safety: Fire Safety; Exitsignage (PCC Building) - SORM noted during the consultation that the exit sign in the Center for Innovative Learning, room 448 was missing its required exit sign to direct travel in emergency situations.

Signs will be ordered and installed by Facilities.

Signs will be ordered and installed by Facilities.

Matthew Moncus, Director, Safety Office
1/30/2016
All SCORM recommendations are open until the next SCORM visit, in November, 2016.

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-03 Safety: Fire Safety: Escutcheon Plate (PCC Building) - SORM noted during the consultation that an escutcheon plate was missing on one of the sprinkler heads on the first floor of the PCC building, near room 174.

Escutcheon plate was replaced.

Escutcheon plate in accordance with the NFPA standards referenced below.

References: NFPA-10 (2013), “Standard for Portable Fire Extinguishers,” Chapters 5.1.2, 5.4.1.2

Matthew Moncus, Director, Safety Office
11/2/2015
Closed

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-02 Safety: Fire Safety; Exit Signage (PCC Building) - SORM noted during the consultation that the exit sign from room 274 was missing its required exit sign to direct travel in emergency situations.

Signs will be ordered and installed by Facilities.

Signs will be ordered and installed by Facilities.

Matthew Moncus, Director, Safety Office
1/30/2016
All SCORM recommendations are open until the next SCORM visit, in November, 2016.

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-03 Safety: Fire Safety: Junction Box Cover (RES Building) - SORM noted during the consultation that a junction box in room 200 on the first floor of the RES building was missing its required cover.

Junction box was replaced.

Junction box in accordance with the NFPA standards referenced below.

References: NFPA-70 (2014); “National Electrical Code,” Article 314.28(B)

Cover was replaced by Facilities.

Matthew Moncus, Director, Safety Office
12/12/2015
Closed

External
State Office of Risk Management
Fiscal Year 2016
Governance and Regulatory Compliance
Risk Management Program Review
UNIT Dallas

16-11-07 Safety: Fire Safety; Storage Under Stairwell - SCRM noted during the consultation that the State Fire Marshall’s office recommended that the university either remove a sprinkler, locked storage room under a stairwell in Building #1, or construct a doorway that leads directly outside and remove the doorway in the interior of the building, replacing it with a wall.

NA
SCORM recommends that the university comply with the findings of the State Fire Marshall’s office in the timeframe as directed by the SFMO.

Reference: NFPA-1 (2015); “Fire Code,” Chapters 3.4, 7.3.1.1

We have proposals from 3 contractors to remove the enclosure and bring the stair well up to code.

Wayne McInnis, Assistant Director for Facilities
4/30/2016
All SCORM recommendations are open until the next SCORM visit, in November, 2016.
### UNTS Enterprise Audit Report Inventory

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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNTS 2015-03-05 Safety: Fire Safety; Exit Signs (PCC Building) - SORM noted during the consultation that many of the exit signs at the end of the hallways in the PCC Building were insufficient in size and some were painted in the wrong direction for egress.</td>
<td>NA</td>
<td>SORM recommends that the university replace all exit signs that are not illuminated in accordance with the NFPA standard below, and ensure that the chevrons point in the correct direction of travel. Reference: NFPA-101 [2015], &quot;Life Safety Code,&quot; Chapters 21.2.10, 7.10, 7.10.5.1.</td>
<td>Matthew Moncus, Matthew Moncus, Matthew Moncus, Matthew Moncus</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
<td>1/31/2016</td>
<td>Closed</td>
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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNTS 2015-03-05 Safety: Chemical Safety: Communication Eyewash Stations (RES Building) - SORM noted during the consultation that many of the eyewash stations in the RES Building had not been inspected since August of 2015.</td>
<td>NA</td>
<td>SORM recommends that the university conduct documented inspections of these eyewash stations with frequency in accordance with the manufacturer’s specifications and the ANSI standard referenced below. Reference: ANSI/ASSE 150.1, &quot;Standard for Emergency Eyewash and Shower Equipment.&quot; The Safety Office has created an inspection checklist with frequencies for eyewashes and safety showers, and will conduct the inspections accordingly.</td>
<td>Matthew Moncus, Matthew Moncus, Matthew Moncus, Matthew Moncus</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
<td>1/30/2016</td>
<td>Closed</td>
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<td>External</td>
<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Risk Management Program Review</td>
<td>UNTS 2015-03-05 Safety: Fire Safety; Electrical Panelboard (CBH Building) - SORM noted during the consultation that many of the electrical, boiler, and electrical equipment rooms on campus were being used to store combustible materials such as cardboard boxes, paper, etc.</td>
<td>NA</td>
<td>SORM recommends that the university remove all combustible materials from boiler rooms, mechanical rooms, and electrical equipment rooms in accordance with the NFPA standard referenced below. Reference: NFPA-101 [2015], &quot;Life Safety Code,&quot; Chapters 10.10.1.1, 10.10.5.2.</td>
<td>Matthew Moncus, Matthew Moncus, Matthew Moncus, Matthew Moncus</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
<td>12/1/2015</td>
<td>Closed</td>
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<td>State Office of Risk Management</td>
<td>Fiscal Year 2016</td>
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<td>Risk Management Program Review</td>
<td>UNTS 2015-03-05 Safety: Electrical Panelboard (CBH Building) - SORM noted during the consultation that the CBH Building was missing.</td>
<td>NA</td>
<td>SORM recommends that the university label this panel board. Reference: NFPA-70 [2015], &quot;National Electrical Code,&quot; Article 408.4. The Facilities Electrician has been assigned to properly label the panel board.</td>
<td>Matthew Moncus, Matthew Moncus, Matthew Moncus, Matthew Moncus</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
<td>12/3/2015</td>
<td>Closed</td>
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<td>Risk Management Program Review</td>
<td>UNTS 2015-03-05 Safety: Fire Safety; Electrical Panelboard (CBH Building) - SORM noted during the consultation that an electrical panelboard in room ME1 was missing, a list of what each circuit breaker controls.</td>
<td>NA</td>
<td>SORM recommends that the university replace this panelboard in accordance with the NFPA standard referenced below. Reference: NFPA-70 [2014], &quot;National Electrical Code,&quot; Article 408.4.</td>
<td>Matthew Moncus, Matthew Moncus, Matthew Moncus, Matthew Moncus</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
<td>11/15/2015</td>
<td>Closed</td>
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<td>External</td>
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<td>Risk Management Program Review</td>
<td>UNTS 2015-03-05 Safety: Fire Safety; Exit Signs (CBH Building) - SORM noted during the consultation that an exit sign near the 2S2 stairwell is insufficiently lit and some were pointing in the wrong direction.</td>
<td>NA</td>
<td>SORM recommends that the university replace all exit signs that are not illuminated in accordance with the NFPA standard below, and ensure that the chevrons point in the correct direction of travel. Reference: NFPA-101 [2015], &quot;Life Safety Code,&quot; Chapters 21.2.10, 7.10, 7.10.5.1.</td>
<td>Matthew Moncus, Matthew Moncus, Matthew Moncus, Matthew Moncus</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
<td>1/31/2016</td>
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<td>External</td>
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<td>Risk Management Program Review</td>
<td>UNTS 2015-03-05 Safety: Fire Safety; Electrical Panelboard (CBH Building) - SORM noted during the consultation that an electrical panelboard in the exterior mechanical room of the UNT-System HR Building was missing a required knockout and a list indicating which circuit each circuit breaker controls.</td>
<td>NA</td>
<td>SORM recommends that the university insert the knockout and label each circuit the NFPA standard referenced below. Reference: NFPA-101 [2015], &quot;Life Safety Code,&quot; Article 408.4, 110.23 (A).</td>
<td>Matthew Moncus, Matthew Moncus, Matthew Moncus, Matthew Moncus</td>
<td>All SORM recommendations are open until the next SORM visit, in November, 2016.</td>
<td>2/10/2016</td>
<td>Closed</td>
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UNTS Enterprise Audit Report Inventory

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<td>UNTHSC</td>
<td>10-11-15 Safety: Electrical Safety: GFCI Protection – Electric Water Fountain (General Services Building)</td>
<td>SORM noted during the consultation that the university has an electric water fountain in the General Services Building that is not protected by either a GFCI receptacle or circuit breaker.</td>
<td>NA</td>
<td>SORM recommends that the university install GFCI protection for the water fountain.</td>
<td>The Facilities Electrician has been assigned the task to provide GFCI protection for the water fountain.</td>
<td>Matthew Moncus, Director, Safety Office</td>
<td>1/31/2016</td>
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<td>External</td>
<td>State Office of Risk Management</td>
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<td>UNTHSC</td>
<td>10-11-15 Safety: Emergency Management: Shelter-in-Place Drill - SORM noted during the consultation that although the university has excellent emergency management policies in place, a shelter-in-place drill had not been conducted recently.</td>
<td>NA</td>
<td>SORM recommends that the university conduct a “wet-drill scenario” shelter-in-place drill for all buildings on campus, including both employees and students in the procedure.</td>
<td>A shelter-in-place drill has been conducted that establishes a drill schedule for each building on campus. Each building will be drilled individually and performance will be evaluated by the Safety Office. A campus-wide drill will be integrated into our annual emergency management exercises.</td>
<td>Matthew Moncus, Director, Safety Office</td>
<td>10/08/2016 (Exercise is scheduled based on availability of City of Fort Worth resources.)</td>
<td>Not yet implemented. SORM recommendations are open until the next SORM visit, in November, 2016.</td>
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<td>UNTHSC</td>
<td>10-11-15 Risk Management: Policies/Procedures: Incident Investigations - SORM noted during the consultation that root cause analysis of appropriate incidents is not currently occurring in a formalized manner.</td>
<td>NA</td>
<td>SORM recommends that the university provide incident investigation training for all the University Safety Officer. Upon completion of this training, root cause analyses should be conducted for each appropriate incident that occurs.</td>
<td>The Safety Director will attend an incident investigation course and conduct root cause analyses for each incident.</td>
<td>Matthew Moncus, Director, Safety Office</td>
<td>5/31/2016</td>
<td>Not yet implemented. SORM stopped offering this course, and an alternative has not been identified.</td>
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<td>UNTHSC</td>
<td>10-11-16 Risk Management: Policies/Procedures: Facility Maintenance Staff - SORM noted during the consultation that there were several factors that may cause additional stress on the current structure of the facilities maintenance staff, potentially resulting in required maintenance procedures not being completed as required by various safety codes. These factors include but are not limited to:</td>
<td>NA</td>
<td>SORM recommends that the university use a formal risk assessment process to consider whether the current structure and size of the facilities maintenance staff is and will continue to be adequate to meet these needs and others that may emerge over time.</td>
<td>An assessment will be conducted to determine appropriate staffing levels.</td>
<td>Matthew Moncus, Director, Safety Office</td>
<td>8/31/2016</td>
<td>Not yet implemented. An assessment of only Safety personnel revealed appropriate staffing levels based on square footage, population, and workload.</td>
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<td>Texas Comptroller of Public Accounts</td>
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<td>Post-Payment Audit</td>
<td>UNT System</td>
<td>Payroll transactions and payroll deductions: Incorrect payment of accrued vacation time.</td>
<td>NA</td>
<td>- We recommend the System enhance its internal controls to prevent incorrect payments of accrued vacation time. The System should consider recovering the amount of overpayments in accordance with Texas Government Code, Chapter 666, unless it determines it is not cost effective to do so. In addition, the System must compensate the employee for the underpaid amount.</td>
<td>The UNT System Administration agrees with this finding and requirements. During the time period audited, the Payroll Department was in a stage of transition to a centralized, shared service organization established to provide payroll services to all UNT System institutions. The UNT System is also currently undergoing a major financial transformation to review all financial-related processing activities throughout all institutions. All payroll processing activities are being reviewed to establish best practices and controls that will help minimize errors in the future. Vacation payouts were calculated using an annualized approach. The underpayment error identified an unknown weakness in this approach and therefore identified a need to change the methodology, which has since been made. Also, under the historical practice, individual vacation payout calculations were completed with no review. A new process has been implemented that provides for a secondary review of payroll calculations. The two overpayments that were the results of human error were analyzed to determine the cost/benefit for attempting to collect overpayments from past employees.</td>
<td>Abdul Almahmoud, Senior Director of Operations</td>
<td>9/1/2017</td>
<td>Closed</td>
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<p>| External            | Texas Comptroller of Public Accounts | Fiscal Year 2016 | Finance       | Post-Payment Audit | UNT System | Payroll transactions and payroll deductions: Incorrect longevity payment amount. | NA | - The System should verify months of service data for its employees and enhance its internal controls to prevent incorrect longevity payment amounts. In addition, the System should verify all personnel files and ensure that prior state service is properly verified and documented for its employees. | The UNT System Administration agrees with this finding and requirements. During the time period audited, the Human Resources Department was in a stage of transition to a centralized, shared service organization established to provide HR-related services to all UNT System institutions. The UNT System is currently undergoing a major financial transformation to review all financial-related processing activities throughout all institutions. Longevity processing is being reviewed to establish best practices and controls that will help minimize errors in the future. The Human Resources Department will finalize implementation of an automated process that calculates state service date and create a Prior State Service web page on our Human Resources website to provide each employee with general information about Prior State Service and prior state service periods we have on record. The overpayment amounts identified during the audit were collected from the employees. | Luis Lewin, Associate Vice Chancellor for Human Resources | Original 09/01/2016 Revised 9/1/2017 | Open |</p>
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<td>Post-Payment Audit</td>
<td>UNT System</td>
<td>Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.</td>
<td>NA</td>
<td>The System must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: • Personnel transactions are timely when they are successfully reported to HRIS on or before the seventh day of the month following the effective date.</td>
<td>The UNT System Administration agrees with this finding and requirements. HRIS reporting is currently managed by the Payroll Department in the UNT System Controller’s Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.</td>
<td>Abdul Mohammad, Senior Director of Operations</td>
<td>NA</td>
<td>Closed</td>
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<td>Texas Comptroller of Public Accounts</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>Post-Payment Audit</td>
<td>UNT System</td>
<td>Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.</td>
<td>NA</td>
<td>The System must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: • Payroll transactions are timely when they are reported and posted in HRIS by the seventh day of the month following the payment date.</td>
<td>The UNT System Administration agrees with this finding and requirements. HRIS reporting is currently managed by the Payroll Department in the UNT System Controller’s Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.</td>
<td>Abdul Mohammad, Senior Director of Operations</td>
<td>NA</td>
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<td>Fiscal Year 2016</td>
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<td>Post-Payment Audit</td>
<td>UNT System</td>
<td>Security: • Four employees who retained the ability to expend funds after termination.</td>
<td>NA</td>
<td>The System must ensure that the person responsible for sending the Comptroller’s Office the notifications is aware of the designated employee’s revocation on or before the date the revocation becomes effective. The System must also follow through with the Comptroller’s Office to ensure receipt of the request and removal of the employee’s security.</td>
<td>The UNT System Administration agrees with this finding and requirements. The process and oversight of managing approvals for expenditures was placed under scrutiny and a new centralized tracking process has been identified to improve control in this area. This new centralization process will be implemented next fiscal year (beginning Sept. 1, 2015) to better monitor employee terminations and remove expenditure authorization in a timely manner. Future system enhancements are planned to include automated notification of employees terminating who have senior level authority for expenditure approvals and access to critical systems, including USAS, HRIS, banking and internal systems. The UNT System Administration will also work closely with the State Comptroller’s Office to confirm receipt of requests related to terminating access in the future.</td>
<td>Joey Saxon, Senior Director UNT System Business Support Services</td>
<td>12/31/2015</td>
<td>Closed</td>
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<td>External/Internal</td>
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<td>Report Name Component</td>
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<td>Texas Comptroller of Public Accounts</td>
<td>Fiscal Year 2016</td>
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<td>Post-Payment Audit UNT System</td>
<td>Security: • One employee who retained the security to expend funds after authority expired.</td>
<td>NA</td>
<td>The System must ensure that the person responsible for sending the Comptroller these notifications is aware of the designated employee's revocation on or before the date the revocation becomes effective. The System must also follow through with the Comptroller to ensure the receipt of the notification and that the removal of the employee's security occurs.</td>
<td>The UNT System Administration agrees with this finding and requirements. The process and oversight of managing USAS access was placed under scrutiny and a new centralized tracking process has been identified to improve controls in this area. This new centralization process will be implemented next fiscal year (beginning Sept. 1, 2015) to better monitor employee terminations and remove access in a timely manner. Future system enhancements are planned to include automated notification of employees terminating who have senior level authority for expenditure approvals and access to critical systems, including USAS, HRS, banking and internal systems. The UNT System Administration will also work closely with the State Comptroller's Office to confirm receipt of requests related to terminating access in the future.</td>
<td>Joey Saxon, Senior Director UNT System Business Support Services</td>
<td>12/31/2015</td>
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<td>Texas Comptroller of Public Accounts</td>
<td>Fiscal Year 2016</td>
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<td>Post-Payment Audit UNT System</td>
<td>Internal Control Structure: Two employees can adjust payment instructions in the Texas Identification Number System (TINS) and approve paper vouchers.</td>
<td>NA</td>
<td>The System should periodically review the controls over expenditure processing and segregate each task to the extent possible to ensure that no individual is able to process payments without oversight.</td>
<td>The UNT System Administration agrees with this finding and requirements. The UNT System is also currently undergoing a major financial transformation to review all financial related processing activities throughout all institutions. All USAS, TINS and signature card processing activities are being reviewed to establish best practices and controls that will help minimize errors in the future.</td>
<td>Joey Saxon, Senior Director UNT System Business Support Services</td>
<td>12/31/2015</td>
<td>Closed</td>
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<td>External</td>
<td>Grant Thornton</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Financial Report of the University of North Texas for SACS Accreditation</td>
<td>UNTHSC Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>External</td>
<td>Southern Association of Colleges and Schools Commission on Colleges</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Southern Association of Colleges and Schools Commission on Colleges Fifth-Year Interim Report</td>
<td>UNTSC Registered SACS/CSC Accreditation</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>Texas Department of State Health Services</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Radiation Safety Program Audit</td>
<td>UNTHSC We have determined that your radiation safety program appears to be in compliance.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>External</td>
<td>Texas Higher Education Coordinating Board</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>San Diego National Lab (Federal) financial and compliance audit (Office of Grant and Contract Administration)</td>
<td>UNTSC No findings/deficiencies.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Audit Category</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individual Responsible for Implementation</td>
<td>Expected Implementation Date</td>
<td>Recommendation Status</td>
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<tr>
<td>Governance and Regulatory Compliance</td>
<td>2015-001 Condition – There were two employees listed in the FY15 Effort Report that were not listed in the Personnel level of Effort in the original approved grant budget. Questioned Costs – $47,412 Context – Out of 2,661 expenditures totaling $1,643,255, a sample of 40 expenditures totaling $105,128 was selected for testing. Four payroll related expenditures totaling $680.60 for individuals that were not included on the approved Personnel Level of Effort budget. The total payroll related expenditures charged to the CPRIT program for these two employees totaled $47,412. The sample selected was not, and was not intended to be, statistically valid.</td>
<td>NA</td>
<td>The University should review their policies and procedures to ensure that CPRIT is notified and provided approval when necessary for any changes to employees or positions named in the original approved grant budget.</td>
<td>Management agrees with the recommendation and has already resolved the issue as it was discovered during the prior year audit. Audits for FY13 and FY14 were combined and completed August 14, 2015 which prevented any corrective action from being implemented during FY15. Management provided written and verbal training to Principal Investigators regarding CPRIT’s notification and approval procedures related to names and positions listed in the Personnel Level of Effort section of the approved budget.</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<td>Governance and Regulatory Compliance</td>
<td>2013-001 Condition – The University had incomplete support for four out of the twenty-two and one of twenty-five judgmentally selected expenditures for fiscal years 2013 and 2014, respectively. To be allowed under State awards, costs must have complete and adequate documentation. Questioned Costs – 2013: $2,839.73; 2014: $2,340.00 Context – The University was unable to provide complete evidence for expenditures related to the purchase and disbursement of gift cards that were deemed necessary and reasonable for proper and efficient performance and administration of the CPRIT program.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<td>Governance and Regulatory Compliance</td>
<td>2014-001 Condition – The University was reimbursed for one travel related expenditure, in which the travel did not occur, out of the twentyfive expenditures judgmentally selected for testing. The University did not subsequently reimburse CPRIT for the expenditure. Questioned Costs – $142.02 Context – The University requested reimbursement for an expenditure that did not occur.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
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<td>Governance and Regulatory Compliance</td>
<td>2014-002 Condition – The University was reimbursed for one travel related expenditure, in which the travel did not occur, out of the twentyfive expenditures judgmentally selected for testing. The University did not subsequently reimburse CPRIT for the expenditure. Questioned Costs – $142.02 Context – The University requested reimbursement for an expenditure that did not occur.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<td>External</td>
<td>BKD, LLP</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Cancer Prevention and Research Institute of Texas Program Specific Audit Report</td>
<td>UNTHSC, UNT</td>
<td>2014-003 Condition – One employee on the FY 2014 Time and Effort Report that was not included in the Personnel Level of Effort in the approved budget. Additionally, two Research Assistants were not included in the approved Personnel Level of Effort budget. Questioned Costs – $3,532.15 Context – The University added a second Program Coordinator to the project that was not included in the budget. Additionally, two employees were paid for work on the project who were not listed on the Personnel Level of Effort budget. CPRIT requires notification of all changes in personnel. Changes in key personnel that dedicate at least 10% of their time to a CPRIT funded project or program must also be communicated in writing to CPRIT.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>Open (See Finding 2015-001)</td>
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<td>External</td>
<td>Food and Drug Administration</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Protocol Compliance, TCO/ME/Meal Education</td>
<td>UNTHSC</td>
<td>None</td>
<td>NA</td>
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<td>External</td>
<td>International Association of Campus Law Enforcement Administrators</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Review for IACLEA Accredidation</td>
<td>UNTHSC</td>
<td>IACLEA Accredidation</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
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<td>External</td>
<td>Department of Education</td>
<td>Fiscal Year 2016</td>
<td>Finance</td>
<td>Financial Aid Audit</td>
<td>UNT Dallas</td>
<td>No findings/deficiencies</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
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<td>External</td>
<td>State Fire Marshal Office</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Fire Safety Inspection Report</td>
<td>UNT Dallas</td>
<td>Building One - Finding 5: Two buildings were re-inspected for the fifth time with the following previously listed violations not corrected. Please respond to this office within 30 days of receipt of this report, detailing your intentions to correct the violations and a new timeline for their completion. The original inspection was conducted in July of 2013. Timeline for corrective actions supplied by the University are not being met. The UNT System Fire Marshal has been notified of the lack of correcting the outstanding violations by the UNT Dallas campus staff. The fire doors at the following locations are missing the bottom vertical rod and floor latching point or have not had fire pins installed. Double doors by rooms 362 and 381: corridor and stairwell.</td>
<td>NA</td>
<td>NFPA 101, Life Safety Code, Chapters 8.3.3.3 and NFPA 80 Standard for Fire Doors and other Opening Protectives</td>
<td>Has been corrected. Vertical rods and floor latching were installed earlier this year.</td>
<td>Wayne Monroe, Assistant Firester for Facilities</td>
<td>NA</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
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<td>Recommendation Details</td>
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<td>External</td>
<td>State Fire Marshal's Office</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Fire Safety Inspection Report</td>
<td>UNT Dallas</td>
<td>Building One - Finding 2: Two buildings were re-inspected for the fifth time with the following previously listed violations not corrected. Please respond to this office within 30 days of receipt of this report, detailing your intentions to correct the violations and a new timeline for their completion.</td>
<td>NA</td>
<td>NFPA 101, Life Safety Code, Chapters 23.3.3.1, 7.2.5.1.2 and 7.2.3.1</td>
<td>The enclosed storage under the stairwell has been removed.</td>
<td>Wayne McInnis, Assistant Director for Facilities</td>
<td>NA</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>State Fire Marshal's Office</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Fire Safety Inspection Report</td>
<td>UNT Dallas</td>
<td>Founders Hall - Finding 2: Two buildings were re-inspected for the fifth time with the following previously listed violations not corrected. Please respond to this office within 30 days of receipt of this report, detailing your intentions to correct the violations and a new timeline for their completion.</td>
<td>NA</td>
<td>NFPA 101, Life Safety Code, Chapters 8.3.3.1 and NFPA 80 Standard for Fire Doors and other Opening Protectives</td>
<td>There was one set of fire doors that were identified needing the bottom vertical rod and that has been installed.</td>
<td>Wayne McInnis, Assistant Director for Facilities</td>
<td>NA</td>
<td>Closed</td>
</tr>
<tr>
<td>External</td>
<td>State Fire Marshal's Office</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Fire Safety Inspection Report</td>
<td>UNT Dallas</td>
<td>Founders Hall - Finding 2: Two buildings were re-inspected for the fifth time with the following previously listed violations not corrected. Please respond to this office within 30 days of receipt of this report, detailing your intentions to correct the violations and a new timeline for their completion.</td>
<td>NA</td>
<td>NFPA 101, Life Safety Code, Chapters 39.5.1, 9.1.2, 9.2.1; NFPA 70, National Electrical Code and NFPA 90A, Standard for the Installation of Air Conditioning and Ventilating Systems</td>
<td>We still have the storage issue in the building and are working to lease a Modular building to place the items. I am actually meeting with the company on Tuesday 10/18/16, to audit the site where it will be placed.</td>
<td>Wayne McInnis, Assistant Director for Facilities</td>
<td>NA</td>
<td>Open</td>
</tr>
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<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report Issued</td>
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<td>Report Name</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>COI Dean's Transitional Audit</td>
<td>UNT</td>
<td>The UNT System Travel Guidelines are not consistently followed in the College of Information. Internal Audit reviewed a sample of 17 vouchers out of a population of 145 vouchers in the College of Information. The following instances of noncompliance were noted: • Reimbursement of personal travel with business travel on a federal grant, • Conference agenda not attached with support documentation, • Missing Travel Budget Authorization Form [request approval to travel], and • Administrative Coordinator signing vouchers in traveler's name with their emailed consent.</td>
<td>Moderate</td>
<td>Recommendations for Interim Dean of the College of Information: Evaluate the personal travel on the Federal Grant and work with the Office of Grants and Contracts to determine what action needs to be taken.</td>
<td>We agree and are taking the actions below.</td>
<td>Dean of the College of Information</td>
<td>3/1/2017</td>
<td>Open</td>
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</tbody>
</table>

Transfer was processed on 7/8/2016 through the Office of Grants and Contracts to move the allowable expenses from the Federal grant to the appropriate indirect cost or discretionary account. Only appropriate and allocable expenses will remain on the federal award. E-mail notification of UNT's Travel Guidelines was sent on 6/30/2016, which included a .pdf and PowerPoint presentation from the UNT's Business Service Center's Process Training section that consists of travel authorization & voucher training. All staff and faculty will be required to participate in on-site group training sessions provided by the BSC regarding UNT travel in either the summer or fall semesters, followed by regularly scheduled updates every fiscal year. All faculty and staff will be trained on how to create and utilize a certified electronic signature process for submitting and/or approving vouchers. Signing vouchers this way will be strongly encouraged if they are not physically available to sign the voucher. All travel reimbursement documentation will be reviewed during the approval process.

| Internal           | UNT System       | Fiscal Year 2016         | Academic and Students | COI Dean's Transitional Audit | UNT       | The UNT System Travel Guidelines are not consistently followed in the College of Information. Internal Audit reviewed a sample of 17 vouchers out of a population of 145 vouchers in the College of Information. The following instances of noncompliance were noted: • Reimbursement of personal travel with business travel on a federal grant, • Conference agenda not attached with support documentation, • Missing Travel Budget Authorization Form [request approval to travel], and • Administrative Coordinator signing vouchers in traveler's name with their emailed consent. | Moderate | Recommendations for Interim Dean of the College of Information: Ensure that the UNT System Travel Guidelines are consistently followed in the College of Information by performing a thorough review of travel reimbursement documentation. | We agree and are taking the actions below. | Dean of the College of Information | 3/1/2017 | Open                  |

Transfer was processed on 7/8/2016 through the Office of Grants and Contracts to move the allowable expenses from the Federal grant to the appropriate indirect cost or discretionary account. Only appropriate and allocable expenses will remain on the federal award. E-mail notification of UNT's Travel Guidelines was sent on 6/30/2016, which included a .pdf and PowerPoint presentation from the UNT's Business Service Center's Process Training section that consists of travel authorization & voucher training. All staff and faculty will be required to participate in on-site group training sessions provided by the BSC regarding UNT travel in either the summer or fall semesters, followed by regularly scheduled updates every fiscal year. All faculty and staff will be trained on how to create and utilize a certified electronic signature process for submitting and/or approving vouchers. Signing vouchers this way will be strongly encouraged if they are not physically available to sign the voucher. All travel reimbursement documentation will be reviewed during the approval process.
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<tbody>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Academic and Students</td>
<td>COI Dean's Transitional Audit</td>
<td>UNT Accounts in the College of Information are not being managed in accordance with UNT Policy 2.1.10 Account Holder Responsibility. The Chair of the Department of Library Information Sciences (LIS) and the Interim Department Chair of Learning Technologies (LT) were not reviewing financial transactions for the DeptIDs for which he/she is the holder of record. Additionally, the Chair of LIS communicated to Internal Audit that he does not have sufficient time or resources to review the transactions on the DeptIDs for which he is responsible; therefore, he relies on the College Budget Officer to perform this task. Because the College Budget Officer position has undergone turnover, it is uncertain as to how long it has been since reconciliations have been performed.</td>
<td>Moderate</td>
<td>Recommendations for Interim Dean of the College of Information: Ensure all DeptID holders in COI obtain training from the UNT Budget Officer to gain a better understanding of the requirements outlined in the UNT Policy 2.1.10 Account Holder Responsibility. The department Chairs review Cognos accounts and all the financial transactions, and approve them in line with UNT Policy 2.1.10. In the past, the College Budget Officer helped reconcile all accounts across the college, monitored deficits, and advised department chairs and support staff with regard to financial operations. All Dept ID holders and support staff will be required to attend updated training for UNT policies. We will work with the UNT Budget Office so that all account holders and their support staff can gain a better understanding of their responsibilities. Going forward, department assistants and chairs will perform the necessary actions to comply with Account Holder Responsibility policy and will work closely with the College budget officer to reconcile their accounts.</td>
<td>Dean of the College of Information</td>
<td>3/1/2017</td>
<td>Open</td>
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<td>Moderate</td>
<td>Recommendations for Interim Dean of the College of Information: Ensure all DeptID holders in COI perform the necessary action to comply with the Account Holder Responsibility policy, including but not limited to, reviewing all financial transactions. The department Chairs review Cognos accounts and all the financial transactions, and approve them in line with UNT Policy 2.1.10. In the past, the College Budget Officer helped reconcile all accounts across the college, monitored deficits, and advised department chairs and support staff with regard to financial operations. All Dept ID holders and support staff will be required to attend updated training for UNT policies. We will work with the UNT Budget Office so that all account holders and their support staff can gain a better understanding of their responsibilities. Going forward, department assistants and chairs will perform the necessary actions to comply with Account Holder Responsibility policy and will work closely with the College budget officer to reconcile their accounts.</td>
<td>Dean of the College of Information</td>
<td>3/1/2017</td>
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<td>UNT Accounts in the College of Information are not being managed in accordance with UNT Policy 2.1.10 Account Holder Responsibility. The Chair of the Department of Library Information Sciences (LIS) and the Interim Department Chair of Learning Technologies (LT) were not reviewing financial transactions for the DeptIDs for which he/she is the holder of record. Additionally, the Chair of LIS communicated to Internal Audit that he does not have sufficient time or resources to review the transactions on the DeptIDs for which he is responsible; therefore, he relies on the College Budget Officer to perform this task. Because the College Budget Officer position has undergone turnover, it is uncertain as to how long it has been since reconciliations have been performed.</td>
<td>Moderate</td>
<td>Recommendations for Interim Dean of the College of Information: Ensure compliance with University cash handling policies, including the development of written cash handling procedures. We agree. Going forward, individuals who collect, safeguard, deposit, and/or reconcile currency for the College will perform the necessary actions to comply with UNT's Cash Handling policy. We will work closely with the College budget officer to create and implement a written cash handling procedure for the College as required by UNT policy.</td>
<td>Dean of the College of Information</td>
<td>3/1/2017</td>
<td>Open</td>
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<td>Internal / External</td>
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<td>Fiscal Year Report was Issued</td>
<td>Audit Category</td>
<td>Component Institution</td>
<td>Key Observations</td>
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<td>Internal</td>
<td>UNT System</td>
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<td>Academic and Students</td>
<td>COI Dean's Office</td>
<td>UNT cash handling policies were not consistently followed in the College of Information. Cash receipts were not collected, safeguarded, deposited, and/or reconciled in accordance with cash handling policies. Additionally, written cash handling procedures in the College of Information were either nonexistent or incomplete as required by policy.</td>
<td>Moderate</td>
<td>Recommendations for Interim Dean of the College of Information: Ensure individuals with cash handling responsibilities receive training on University cash handling policies and departmental written procedures.</td>
<td>We agree.</td>
<td>Going forward, individuals who collect, safeguard, deposit, and/or reconcile currency in the College will perform the necessary actions to comply with UNT's Cash Handling Policy. We will work closely with the College budget officer to create and implement a written cash handling procedure for the College as required by UNT policy.</td>
<td>Dean of the College of Information: 3/1/2017</td>
<td>Open</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>COI Dean's Office</td>
<td>The UNTS Business Service Center Purchasing Card Program Guide was not consistently followed in the College of Information. Internal Audit reviewed a sample of three months of transactions for 15 purchasing cardholders in the College of Information. The following instances of noncompliance were noted: • Not obtaining annual on-line purchasing card refresher training during fiscal year 2015, • Missing signatures from the card holder, reconciler, and the approver, • Missing verification of State of Texas vendor warrant hold status on required purchases, • Missing vendor receipts, • Sales tax paid without subsequent reimbursement, and • Not obtaining prior approval for the purchase of alcohol for an event and software, as required.</td>
<td>Moderate</td>
<td>Recommendations for Interim Dean of the College of Information: Ensure that all purchasing cardholders, reconcilers, and approvers receive training on purchasing card guidelines.</td>
<td>We agree.</td>
<td>Each pCard holder, reconciler, and approver will attend training and will also participate in a refresher training course as made available. An email will be sent to all pCard holders reminding them that they must have the correct signatures from the holder, reconciler, and approver. Alcohol purchasing guidelines will also be included. BSC pCard training will be scheduled the week of Aug 8th. Additional training will be offered during the fall semester. UNTS Business Service Center Purchasing Card Program Guide will be consistently followed and reviewed regularly to ensure compliance.</td>
<td>Dean of the College of Information: 3/1/2017</td>
<td>Open</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>COI Dean's Office</td>
<td>The UNTS Business Service Center Purchasing Card Program Guide was not consistently followed in the College of Information. Internal Audit reviewed a sample of three months of transactions for 15 purchasing cardholders in the College of Information. The following instances of noncompliance were noted: • Not obtaining annual on-line purchasing card refresher training during fiscal year 2015, • Missing signatures from the card holder, reconciler, and the approver, • Missing verification of State of Texas vendor warrant hold status on required purchases, • Missing vendor receipts, • Sales tax paid without subsequent reimbursement, and • Not obtaining prior approval for the purchase of alcohol for an event and software, as required.</td>
<td>Moderate</td>
<td>Recommendations for Interim Dean of the College of Information: Ensure that the UNTS Business Service Center Purchasing Card Program Guide is consistently followed in the College of Information.</td>
<td>We agree.</td>
<td>Each pCard holder, reconciler, and approver will attend training and also participate in a refresher training course as made available. An email will be sent to all pCard holders reminding them that they must have the correct signatures from the holder, reconciler, and approver. Alcohol purchasing guidelines will also be included. BSC pCard training will be scheduled the week of Aug 8th. Additional training will be offered during the fall semester. UNTS Business Service Center Purchasing Card Program Guide will be consistently followed and reviewed regularly to ensure compliance.</td>
<td>Dean of the College of Information: 3/1/2017</td>
<td>Open</td>
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<tr>
<td>Date</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
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<tr>
<td>10/1/2016</td>
<td>Moderate</td>
<td>Recommendation for Interim Dean of the College of Information: Ensure all scholarships are advertised in accordance with donor agreements.</td>
<td>We agree.</td>
<td>Dean of the College of Information</td>
<td>10/1/2016</td>
<td>Open</td>
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<tr>
<td>12/1/2016</td>
<td>Moderate</td>
<td>Recommendation for Interim Dean of the College of Information: Ensure that the Student Financial Aid and Scholarships' Best Practices for Scholarships and Awards are consistently followed in the College of Information, specifically: • Create a departmental policy for awarding scholarships; • Hold committee meetings and document minutes; and • Ensure appropriate personnel are involved in the scholarship selection process.</td>
<td>We agree.</td>
<td>Dean of the College of Information</td>
<td>12/1/2016</td>
<td>Open</td>
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<td>1/17/2017</td>
<td>Low</td>
<td>Recommendations for Interim Dean of the College of Information: Coordinate with the Office of General Council and Advancement to examine the language and donor’s intent to determine the appropriate program of study to which the scholarships can be offered.</td>
<td>Advancement did not provide information about the Mary Janez endowed scholarship to the department and the scholarship was not listed in Cognos with the rest of the other scholarships. When the LIS budget was separated from the college budget in 2012, all endowed scholarships were awarded according to the MOUs.</td>
<td>Dean of the College of Information</td>
<td>1/17/2017</td>
<td>Open</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>LGD Dean's Transitional Audit</td>
<td>UNTSC</td>
<td>When the School of Library and Information Sciences became a department in College of Information, the existing scholarship agreements were not evaluated to determine the appropriate program of study for which the scholarship should be offered. Additionally, the UNT Division of Advancement and the College of Information had a different number of endowment scholarships within the College of Information. The scholarship agreements were prepared and written to provide scholarships for the School of Library and Information Sciences. Once the school became a department in the College of Information, these scholarships were awarded solely to those studying within the Department of Library and Information Sciences.</td>
<td>Low</td>
<td>Recommendations for Interim Dean of the College of Information: Coordinate with UNT Division of Advancement to obtain a clear understanding of how many scholarships exist within the College of Information and determine which are eligible to be awarded.</td>
<td>Recommendation to the UNTHSC President and Interim Chief Financial Officer: Develop institutional principles, policies and procedures.</td>
<td>Gregory R. Anderson, Interim Chief Financial Officer</td>
<td>9/5/2017</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>School of Public Health (Unit Specific Management Control Review)</td>
<td>UNTHSC</td>
<td>Currently, UNTHSC utilizes an incremental budget model, in which budget allocations are based upon the funding levels of the previous years. However, the model is not sufficient to ensure allocated amounts are adequate based on business needs and to achieve institutional goals and initiatives. In addition, although UNTHSC has operating budget guidelines, there are no formalized principles. Budget principles help create overarching values for prioritization and resource allocation which management adhere to as the budget is developed. Furthermore, policies and procedures are not sufficiently developed to clarify and crystallize the intent behind how the University will manage its financial resources.</td>
<td>High</td>
<td>Recommendation to the UNTHSC President and Interim Chief Financial Officer: Review and assess alternative budget models and adopt a model that aligns with institutional goals and initiatives.</td>
<td>Recommendation to the UNTHSC President and Interim Chief Financial Officer: Develop institutional principles, policies and procedures.</td>
<td>Gregory R. Anderson, Interim Chief Financial Officer</td>
<td>9/5/2017</td>
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<td>High</td>
<td>Recommendation to the UNTHSC President and Interim Chief Financial Officer: Develop institutional principles, policies and procedures.</td>
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<td>Gregory R. Anderson, Interim Chief Financial Officer</td>
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<td>High</td>
<td>Recommendation to the UNTHSC President and Interim Chief Financial Officer: Communicate newly developed principles, policies and procedures to pertinent employees. Management should consider posting these documents on the UNTHSC website.</td>
<td>Gregory R. Anderson, Interim Chief Financial Officer</td>
<td>9/5/2017</td>
<td>Open</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>School of Public Health (Unit Specific Management Control Review)</td>
<td>UNTHSC</td>
<td>There was a change in the format of the Quarterly Budget Reports that became effective in Q2 FY2016 to exclude prior year balances brought forward. The Q1 Quarterly Budget Report reflected the current year budget amounts as well as the prior year balances; however, the Q2 Quarterly Budget Report only showed current year budget amounts. Therefore, the total available budget in the Q2 Budget Report was understated by the following: • Tobacco Settlement Funds: $264,582 • Designated Tuition Funds: $43,282. Additionally, prior year revenue generating activities of $733,784 was also not shown in the Q2 Quarterly Budget Report. This amount comprises of Facilities &amp; Administrative cost recovery from grants for the amount of $463,835.</td>
<td>Moderate</td>
<td>Recommendation to the Interim Chief Financial Officer: Management should determine what relevant information needs to be included in the Quarterly Budget Reports and develop a standard operating procedure.</td>
<td>Gregory R. Anderson, Interim Chief Financial Officer</td>
<td>1/12/2017</td>
<td>Open</td>
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<td>Moderate</td>
<td>Recommendation to the Interim Chief Financial Officer: Once standard operating procedures have been developed, management should communicate to all relevant parties.</td>
<td>Gregory R. Anderson, Interim Chief Financial Officer</td>
<td>2/10/2017</td>
<td>Open</td>
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<td>Governance and Regulatory Compliance</td>
<td>School of Public Health (Unit Specific Management Control Review)</td>
<td>UNTHSC</td>
<td>Safeguarding measures of student fee payments received are not adequate during the receipting and reconciliation processes at the Office of Admissions. Specifically, the following were noted:</td>
<td>Moderate</td>
<td>Recommendation for the Director of Financial Services – Student Finance: Work with Student Accounting and University Cashiering Services to change your process to require students paying in person to pay directly at the cashiering office and obtain an official university receipt and students paying by mail to send their checks directly to the Cashiering Office.</td>
<td>Jeane Olson, Director of Financial Services – Student Finance</td>
<td>8/1/2017</td>
<td>Open</td>
</tr>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>2016</td>
<td>Governance and Regulatory Compliance</td>
<td>School of Public Health (Unit Specific Management Control Review)</td>
<td>UNTHSC</td>
<td>Safeguarding measures of student fee payments received are not adequate during the receipting and reconciliation processes at the Office of Admissions. Specifically, the following were noted:</td>
<td>Moderate</td>
<td>Recommendation for Associate Dean of School of Public Health: Develop procedures to help ensure that all fees collected are reconciled on a regular basis to the University accounting system and to the respective student account.</td>
<td>Matt Nolan Adrignola, Associate Dean of Administration &amp; Student Services</td>
<td>3/1/2017</td>
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### UNTS Enterprise Audit Report Inventory

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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Facult Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>School of Public Health [Unit Specific Management Control Review]</td>
<td>UNT/SHC</td>
<td>While obtaining an understanding of UNT/SHC Cashiering as it related to the process of receiving and depositing funds by the School of Public Health, we noted opportunities for improvement. Although, UNT/SHC Cashiering Office is a keypad control access room with glass windows and limited access to only authorized personnel, the following exceptions were noted: The drawers (cash registers) in which funds are kept do not have locks to ensure that each cashier is accountable for her assigned drawer. The bank deposit bag is not kept in the safe until the armored truck arrives for pick up. Cashiers have their purses in the cashiering room rather than having purses kept in a locker. The two cashiers have only received cash handling training once, which was at the beginning of their employment in the last three and six year tenure.</td>
<td>Moderate</td>
<td>Recommendations for the Director of Financial Services</td>
<td>Student Finance: Establish mandatory annual cash handling training for all personnel handling cash at UNT/SHC.</td>
<td>We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT/SHC campus in Fort Worth. Key team members from UNT System Student Accounting and UNT System Controller’s Office will work with the appropriate staff (as necessary) at the campus to ensure these recommendations, and others as deemed appropriate, are implemented by no later than August 1, 2017.</td>
<td>Jeane Olson, Director of Financial Services – Student Finance</td>
<td>8/1/2017</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Facult Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>School of Public Health [Unit Specific Management Control Review]</td>
<td>UNT/SHC</td>
<td>While obtaining an understanding of UNT/SHC Cashiering as it related to the process of receiving and depositing funds by the School of Public Health, we noted opportunities for improvement. Although, UNT/SHC Cashiering Office is a keypad control access room with glass windows and limited access to only authorized personnel, the following exceptions were noted: The drawers (cash registers) in which funds are kept do not have locks to ensure that each cashier is accountable for her assigned drawer. The bank deposit bag is not kept in the safe until the armored truck arrives for pick up. Cashiers have their purses in the cashiering room rather than having purses kept in a locker. The two cashiers have only received cash handling training once, which was at the beginning of their employment in the last three and six year tenure.</td>
<td>Moderate</td>
<td>Recommendations for the Director of Financial Services</td>
<td>Student Finance: Establish mandatory annual cash handling training for all personnel handling cash at UNT/SHC.</td>
<td>We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT/SHC campus in Fort Worth. Key team members from UNT System Student Accounting and UNT System Controller’s Office will work with the appropriate staff (as necessary) at the campus to ensure these recommendations, and others as deemed appropriate, are implemented by no later than August 1, 2017.</td>
<td>Jeane Olson, Director of Financial Services – Student Finance</td>
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<td>While obtaining an understanding of UNT/SHC Cashiering as it related to the process of receiving and depositing funds by the School of Public Health, we noted opportunities for improvement. Although, UNT/SHC Cashiering Office is a keypad control access room with glass windows and limited access to only authorized personnel, the following exceptions were noted: The drawers (cash registers) in which funds are kept do not have locks to ensure that each cashier is accountable for her assigned drawer. The bank deposit bag is not kept in the safe until the armored truck arrives for pick up. Cashiers have their purses in the cashiering room rather than having purses kept in a locker. The two cashiers have only received cash handling training once, which was at the beginning of their employment in the last three and six year tenure.</td>
<td>Moderate</td>
<td>Recommendations for the Director of Financial Services</td>
<td>Student Finance: Work with the UNT/SHC Controller’s Office to modify Cash Handling Procedure to require cash handling annual training.</td>
<td>We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT/SHC campus in Fort Worth. Key team members from UNT System Student Accounting and UNT System Controller’s Office will work with the appropriate staff (as necessary) at the campus to ensure these recommendations, and others as deemed appropriate, are implemented by no later than August 1, 2017.</td>
<td>Jeane Olson, Director of Financial Services – Student Finance</td>
<td>8/1/2017</td>
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| Internal          | UNT System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | School of Public Health (Unit Specific Management Control Review) | UNTHSC | While obtaining an understanding of UNTHSC Cashiering as it related to the process of receiving and depositing funds by the School of Public Health, we noted opportunities for improvement. Although, UNTHSC Cashiering Office is a keypad control access room with glass windows and limited access to only authorized personnel, the following exceptions were noted:  
• The drawers (cash registers) in which funds are kept do not have locks to ensure that each cashier is accountable for her assigned drawer.  
• The bank deposit bag is not kept in the safe until the armored truck arrives for pick up  
• Cashiers have their purses in the cashiering room rather than having purses kept in a locker  
• The two cashiers have only received cash handling training once, which was at the beginning of their employment in the last three and six year tenure. | Moderate | Recommendations for the Director of Financial Services – Student Finance: Consider expanding the mandatory annual cash handling training and acknowledgement statement requirements to other University components. | We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNTHSC campus in Fort Worth. Key team members from UNT System Student Accounting and UNT System Controller’s Office will work with the appropriate staff (as necessary) at the campus to ensure these recommendations, and others as deemed appropriate, are implemented by no later than August 1, 2017. | Jeane Olson, Director of Financial Services – Student Finance | 8/1/2017 | Open |
| Internal          | UNT System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | School of Public Health (Unit Specific Management Control Review) | UNTHSC | While obtaining an understanding of UNTHSC Cashiering as it related to the process of receiving and depositing funds by the School of Public Health, we noted opportunities for improvement. Although, UNTHSC Cashiering Office is a keypad control access room with glass windows and limited access to only authorized personnel, the following exceptions were noted:  
• The drawers (cash registers) in which funds are kept do not have locks to ensure that each cashier is accountable for her assigned drawer.  
• The bank deposit bag is not kept in the safe until the armored truck arrives for pick up  
• Cashiers have their purses in the cashiering room rather than having purses kept in a locker  
• The two cashiers have only received cash handling training once, which was at the beginning of their employment in the last three and six year tenure. | Moderate | Recommendations for the Director of Financial Services – Student Finance: Ensure all bank deposit bags are kept in the safe until the armored truck arrives. | We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNTHSC campus in Fort Worth. Key team members from UNT System Student Accounting and UNT System Controller’s Office will work with the appropriate staff (as necessary) at the campus to ensure these recommendations, and others as deemed appropriate, are implemented by no later than August 1, 2017. | Jeane Olson, Director of Financial Services – Student Finance | 8/1/2017 | Open |
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| Internal          | UNT System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | School of Public Health (Unit Specific Management Control Review) | UNT/HS  | While obtaining an understanding of UNT/HS Cashiering as it related to the process of receipting and depositing funds by the School of Public Health, we noted opportunities for improvement. Although, UNT/HS Cashiering Office is a keypad control access room with glass windows and limited access to only authorized personnel, the following exceptions were noted:  
  - The drawers (cash registers) in which funds are kept do not have locks to ensure that each cashier is accountable for her assigned drawer.  
  - The bank deposit bag is not kept in the safe until the armored truck arrives for pick-up.  
  - Cashiers have their purses in the cashiering room rather than having purses kept in a locker.  
  - The two cashiers have only received cash handling training once, which was at the beginning of their employment in the last three and six year tenure.  | Moderate | Recommendations for the Director of Financial Services – Student Finance:  
  - Consider utilizing a desktop check scanner.  
  - Place all purses and belongings in a locker or drawer away from where the money is kept.  | We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT/HS campus in Fort Worth. Key team members from UNT System Student Accounting and UNT System Controller’s Office will work with the appropriate staff (as necessary) at the campus to ensure these recommendations, and others as deemed appropriate, are implemented by no later than August 1, 2017. | Jane Olson, Director of Financial Services – Student Finance | 8/1/2017 | Open |
| Internal          | UNT System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | School of Public Health (Unit Specific Management Control Review) | UNT/HS  | During our review of School of Public Health Payroll, we noted that UNT System Administration Policy (03.500) Longevity Pay is outdated and it is not in compliance with the statute. Specifically, as of September 1, 2005 the longevity pay was raised from $20 per month for every three years of state service to $20 per month for every two years of state service which is not reflected in the policy. Additionally, it is important to note that the longevity pay is appropriately calculated in the University Payroll System in accordance with the statute.  | Low | Recommendation for the Human Resources Director:  
  - Modify University Administrative Policy regarding Longevity Pay to help ensure compliance with the state laws.  | Management worked with the UNT System Policy Manager, to update/modify the University Administrative Policy. The updated policy was submitted to the Office of General Counsel for review during the audit. | Gary Finney, Human Resources Director | 7/10/2016 | Closed |
<p>| Internal          | UNT System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | PRU Human Microsome Protocol | UNT/HS  | None  | NA | NA | NA | NA | NA | NA |
| Internal          | UNT System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Student Managed Investment Fund Review | UNT  | Based on procedures performed, the SMIF was in compliance with the Donor’s Agreement for calendar year 2014. The funds were appropriately accounted for in accordance with guidelines.  | NA | None | NA | NA | NA | NA |</p>
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<tbody>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Student-Managed Investment Fund Review</td>
<td>UNT</td>
<td>Annual Report Completion Date – The annual report was prepared 47 days late.</td>
<td>Moderate</td>
<td>Prepare and present financial results as the annual report. Disseminate the annual report to all required parties within the timeframe set forth in Article III, section 8(b) of the UNT By-Laws.</td>
<td>SIG Board of Directors</td>
<td>NA</td>
<td>Closed</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Student-Managed Investment Fund Review</td>
<td>UNT</td>
<td>Annual Report Completion Date – The annual report was prepared 47 days late.</td>
<td>Moderate</td>
<td>Present additional information, such as remarks from the Board of Directors, symposiums attended, and other activities, in a separate report at a later date.</td>
<td>SIG Board of Directors</td>
<td>NA</td>
<td>Closed</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System</td>
<td>UNT</td>
<td>Voting Summary Form – The number of shares voted to be purchased was missing from two Voting Summary forms.</td>
<td>Low</td>
<td>Ensure that Senior Analysts and Portfolio Managers include the number of shares on the Voting Summary form. Designate one specific location on the Voting Summary form to include the number of shares.</td>
<td>SIG Board of Directors</td>
<td>NA</td>
<td>Closed</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System</td>
<td>UNT</td>
<td>FY 2014 Investments Audit</td>
<td>Low</td>
<td>Implement a review process of the UNT Quarterly Investment Report to ensure the accuracy of information prior to the issuance of the quarterly report to the Board of Regents and posting of the report on the institution’s investment disclosure website.</td>
<td>SIG Board of Directors</td>
<td>NA</td>
<td>Closed</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Cancer Prevention and Institute of Texas (CPRIT)</td>
<td>UNT/HS</td>
<td>Noncompliance with Business Support Services (BSS) Purchasing Policy – BSS Purchasing Policies for obtaining gift cards used as research participant payments were not followed for 6 of 23 (26%) transactions reviewed for grant ID PP110190. A total of $8,000 in cash was disbursed from BSS at the request of the University to an UNTHSC employee, who then purchased gift cards from a local vendor. The University was unable to provide support documentation evidencing expenditures related to the purchase and disbursement of gift cards. This issue was included in the audit report issued by Grant Thornton on August 12, 2015.</td>
<td>High</td>
<td>We recommend the Assistant Vice President of Research Administration at UNTHSC to re-educate faculty and staff on policies related to the attainment of gift cards used as research participant payments.</td>
<td>Management agrees with the recommendations and will send a group email to all active award account holders and will post in the Daily News a reminder to follow the procurement guidelines for purchasing gift cards for research participants.</td>
<td>James Masick, Associate Vice Chancellor for Treasury</td>
<td>11/20/2015</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Cancer Prevention and Institute of Texas (CPRIT)</td>
<td>UNT/HS</td>
<td>Noncompliance with Business Support Services (BSS) Purchasing Policy – BSS Purchasing Policies for obtaining gift cards used as research participant payments were not followed for 6 of 23 (26%) transactions reviewed for grant ID PP110190. A total of $8,000 in cash was disbursed from BSS at the request of the University to an UNTHSC employee, who then purchased gift cards from a local vendor. The University was unable to provide support documentation evidencing expenditures related to the purchase and disbursement of gift cards. This issue was included in the audit report issued by Grant Thornton on August 12, 2015.</td>
<td>High</td>
<td>We recommend the Assistant Vice President of Research Administration at UNTHSC to re-educate faculty and staff on policies related to the attainment of gift cards used as research participant payments.</td>
<td>Management agrees with the recommendations and will send a group email to all active award account holders and will post in the Daily News a reminder to follow the procurement guidelines for purchasing gift cards for research participants.</td>
<td>LeAnn Forsberg, AVP Research Administration</td>
<td>11/15/2015</td>
<td>Closed</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report was Issued</td>
<td>Audit Category</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individual Responsible for Implementation</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Cancer Prevention and Research Institute of Texas (CPRIT)</td>
<td>Noncompliance with Business Support Services (BSS) Purchasing Policy – BSS Purchasing Policies for obtaining gift cards used in research participant payments were not followed for 6 of 25 (20%) transactions reviewed for grant ID FY10.019. A total of $8,000 in cash was disbursed from BSS at the request of the University to an UNTHSC employee, who then purchased gift cards from a local vendor. The University was unable to provide support documentation evidencing expenditures related to the purchase and disbursement of gift cards. This issue was included in the audit report issued by Grant Thornton on August 12, 2015.</td>
<td>High</td>
<td>In addition, we recommend the Associate Vice Chancellor for Finance and Administration to re-educate staff on the review process of support documentation that is provided by UNT components to ensure it is appropriate based on the request.</td>
<td>Business Support Services (formerly Business Services Center) concurs with the recommendation. We have notified our procurement staff of the expectation that they follow the current guidelines associated with the gift card purchase. Additionally, we have also implemented a secondary approval process for all gift card purchase requests. The secondary approval must come from Senior Director of Procurement, Director of Purchasing or Associate Vice Chancellor for Finance and Administration.</td>
<td>Donna Acker, Associate Vice Chancellor for Finance and Administration</td>
<td>10/29/2015</td>
<td>Closed</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Cancer Prevention and Research Institute of Texas (CPRIT)</td>
<td>Noncompliance with Business Support Services (BSS) Purchasing Policy – BSS Purchasing Policies for obtaining gift cards used in research participant payments were not followed for 6 of 25 (20%) transactions reviewed for grant ID FY10.019. A total of $8,000 in cash was disbursed from BSS at the request of the University to an UNTHSC employee, who then purchased gift cards from a local vendor. The University was unable to provide support documentation evidencing expenditures related to the purchase and disbursement of gift cards. This issue was included in the audit report issued by Grant Thornton on August 12, 2015.</td>
<td>High</td>
<td>In addition, we recommend the Associate Vice Chancellor for Finance and Administration to re-educate staff on the review process of support documentation that is provided by UNT components to ensure it is appropriate based on the request.</td>
<td>Business Support Services (formerly Business Services Center) concurs with the recommendation. We have notified our procurement staff of the expectation that they follow the current guidelines associated with the gift card purchase. Additionally, we have also implemented a secondary approval process for all gift card purchase requests. The secondary approval must come from Senior Director of Procurement, Director of Purchasing or Associate Vice Chancellor for Finance and Administration.</td>
<td>Donna Acker, Associate Vice Chancellor for Finance and Administration</td>
<td>10/29/2015</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FF 2014 Investments Audit</td>
<td>UNTHSC is in compliance with the Title VI, Section 108, and the UNT System Regulation 08.2000. In addition, UNTHSC is in compliance with state high education investment reporting requirements including SBO Article 81, Rider 5 requirements.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FF 2014 Investments Audit</td>
<td>Compliance with System Policy Requirements – Based on Internal Audit’s detail review of investment information reported for period ending May 31, 2014, the resulting recalculation of short term and long term investment percentages for UNTHSC based on market values were 10.64% and 40.4% respectively. These percentage investment results were not within establish Board approved investment percentage range requirements for short and long term investments. For UNT System policy 08.2000 the range for short term investments is to be at least 55% but not more than 75%. For long term investments the percentage range is to be at least 20% but not more than 45%.</td>
<td>Low</td>
<td>Revise the Investment of System Funds Regulation 08.2000 pertaining to short and long term investment percentages to determine if the percentage requirements should be updated to reflect the potential actual investment needs of the UNTHSC system and its institutions.</td>
<td>Chancellor System Regulation 08.2000 is already under review for potential revisions, including appropriate percentage ranges for each investment pool. In addition, the increased professional staffing in Treasury will allow for improved compliance with the current and future versions of the regulation. Review of System Regulation 08.2000 to determine if modification is needed and resulting Board Order, if so.</td>
<td>James Macklin, Associate Vice Chancellor for Finance and Administration</td>
<td>12/31/2015</td>
<td>Closed</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report was Issued</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2014 Investments Audit</td>
<td>UNT Dallas</td>
<td>UNT Dallas is in compliance with the PSLA, Regents Rule 10.100, and the UNT System Regulation 08.2005. In addition, UNT Dallas is in compliance with state higher education investment reporting requirements including TAO Article 8, Rider S requirements.</td>
<td>NA</td>
<td>None</td>
<td>Management to work with Office of General Counsel and Human Resources to establish a mechanism, which includes a conflict of interest disclosure form, through which investment officers self-report annually any real or perceived conflicts of interest.</td>
<td>Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>Revised 12/31/2016</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
<td>Conflict of interest – UNT System / UNT / UNT Dallas – The current Conflict of Interest policy relies on self-disclosure. Currently, there is no formal process in place to determine and document if an investment officer or any authorized designee has a personal business relationship with a business organization offering to engage in an investment transaction with UNT System, UNT, and UNT Dallas.</td>
<td>High</td>
<td>Implement a required annual conflict of interest training program to provide investment officers a clear understanding of their roles and responsibilities related to conflict of interest and steps they would need to take in the event of a concern.</td>
<td>Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>Revised 12/31/2016</td>
<td>Open</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
<td>Conflict of interest – UNT System / UNT / UNT Dallas – The current Conflict of Interest policy relies on self-disclosure. Currently, there is no formal process in place to determine and document if an investment officer or any authorized designee has a personal business relationship with a business organization offering to engage in an investment transaction with UNT System, UNT, and UNT Dallas.</td>
<td>High</td>
<td>For staff positions which do not require an annual conflict of interest disclosure form to be completed, consider requiring periodic acknowledgment of the institution’s ethics policy from staff, which may conflict of interest embedded within the policy.</td>
<td>Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>Revised 12/31/2016</td>
<td>Open</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
<td>Bank Addendum Certificate of Authority – UNT Testing identified two terminated employees with access to the UNT repurchase swap account ending in account number 2633.</td>
<td>Moderate</td>
<td>To work with the Institutional CDO’s in establishing an annual review process to ensure that bank account access for employees are appropriate based on their roles and responsibilities.</td>
<td>Online log on credentials were disabled prior to the employees’ termination. Management will review existing processes for improvement opportunities regarding immediate removal of all access for terminated employees. In addition, Treasury will work with the CFO’s regarding establishing a review that occurs no less than annually.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>6/30/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
<td>Bank Addendum Certificate of Authority – UNT Testing identified two terminated employees with access to the UNT repurchase swap account ending in account number 2633.</td>
<td>Moderate</td>
<td>For employees that have an employment status change which includes termination, establish a process to remove access immediately.</td>
<td>Online log on credentials were disabled prior to the employees’ termination. Management will review existing processes for improvement opportunities regarding immediate removal of all access for terminated employees. In addition, Treasury will work with the CFO’s regarding establishing a review that occurs no less than annually.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>6/30/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT Dallas, UNTHSC</td>
<td>Conflict of Interest – UNTHSC – One out of three employees (33%) who have access to investment related bank accounts did not complete a conflict of interest disclosure form.</td>
<td>Moderate</td>
<td>Require all applicable staff to be re-educated on the policy.</td>
<td>Management will work with the UNTHSC Compliance Office to establish and implement procedures to notify employees when they have not completed the Conflict Disclosure form within the required timeframe established by UNTHSC and a process for educating staff about possibly detecting conflicts of interest.</td>
<td>Debra Wiffen, UNTHSC Director Financial Planning &amp; Policy Analysis</td>
<td>5/31/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT Dallas, UNTHSC</td>
<td>Conflict of Interest – UNTHSC – One out of three employees (33%) who have access to investment related bank accounts did not complete a conflict of interest disclosure form.</td>
<td>Moderate</td>
<td>Work with the Office of Compliance to implement a monitoring process to ensure applicable staff completes an annual conflict of interest disclosure form.</td>
<td>Management will work with the UNTHSC Compliance Office to establish and implement procedures to notify employees when they have not completed the Conflict Disclosure form within the required timeframe established by UNTHSC and a process for educating staff about possibly detecting conflicts of interest.</td>
<td>Debra Wiffen, UNTHSC Director Financial Planning &amp; Policy Analysis</td>
<td>5/31/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT Dallas, UNTHSC</td>
<td>Accuracy of Quarterly Investment Report – UNT System / UNT / UNT Dallas - Testing of the accuracy of quarterly investment reports identified footing errors, instances of ending and beginning balances for successive quarters not matching, incorrect balances for the third quarter and incorrect investment report posted on the investment disclosure website.</td>
<td>Moderate</td>
<td>Review fiscal year 2015 quarterly investment reports for which ending and beginning balances for successive quarters did not match and make necessary corrections. Then, update the investment disclosure websites with the corrected reports.</td>
<td>Fiscal year 2015 was a transitional year organizationally for a consolidated treasury operation. Treasury has already begun working with the campuses to ensure that the investment reports on the websites are accurate and will continue to do so. A quality review process of these reports has been implemented and will going forward include ensuring that the posting to each campus' website is accurate and complete.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>3/31/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT Dallas, UNTHSC</td>
<td>Accuracy of Quarterly Investment Report – UNT System / UNT / UNT Dallas - Testing of the accuracy of quarterly investment reports identified footing errors, instances of ending and beginning balances for successive quarters not matching, incorrect balances for the third quarter and incorrect investment report posted on the investment disclosure website.</td>
<td>Moderate</td>
<td>Implement a review process for quarterly investment reports to ensure the accuracy of data to be reported prior to the issuance to the Board of Regents and posting on the institution’s investment disclosure website.</td>
<td>Fiscal year 2015 was a transitional year organizationally for a consolidated treasury operation. Treasury has already begun working with the campuses to ensure that the investment reports on the websites are accurate and will continue to do so. A quality review process of these reports has been implemented and will going forward include ensuring that the posting to each campus’ website is accurate and complete.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>3/31/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT Dallas, UNTHSC</td>
<td>Recurse Easing to the General Ledger – UNTHSC - The cash account balance per the investment report was different from the balances recorded in the general ledger as of August 31, 2015. The balance per the quarterly investment report was understated by $4,430,968.57.</td>
<td>Moderate</td>
<td>Establish a process to ensure year-end close is performed on a timely basis.</td>
<td>FYS was the first time UNTHSC’s financial close was managed by UNT System Controller staff, none of whom had experience in prior UNTHSC year-end financial close activities. The year-end financial close process continues to improve since the Financial Transformation Project began. For the preparation of the FYS Annual Financial Reports, the System Controller is preparing a timeline/schedule that will require each institution to complete their annual financial reports by early October. This would result in general ledger balances being fully reconciled and finalized by the end of September. In addition, the new review process for investment reports will include Accounting staff to ensure reported cash balances reconcile to the GL.</td>
<td>Paula Welch, Associate Controller</td>
<td>10/31/2016</td>
<td>Open</td>
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<tr>
<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report Issued</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individually Responsible</td>
<td>Expected Implementation Date</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
<td>Review the Investment of System Funds Regulation - The cash account balance per the investment report was different from the balances recorded in the general ledger as of August 31, 2015. The balance per the quarterly investment report was understate by $4,83,968.57.</td>
<td>Moderate</td>
<td>Establish a review process to ensure balances in the quarterly investment reports reconcile to the balance in the general ledger.</td>
<td>Management believes the Board of Regents should have quarterly visibility to all investments that exist for the benefit of the System and therefore each Foundation’s investments should not be excluded. However, we do agree that they should be clearly labeled as such. Treasury is in the process of reformatting all investment reports and will ensure that endowments, both campus and foundation, are included yet clearly labeled. A quality review of these reports is important and has been implemented to ensure that reports to the Board are accurate.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>3/31/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
<td>Presentation of the UNTHSC and UNTHSC Foundation Investments on the Quarterly Investment Reports – UNTHSC The August 31, 2015 UNTHSC Quarterly Investment Report did not reflect the separation of investments belonging to UNTHSC and to UNTHSC Foundation.</td>
<td>Low</td>
<td>For subsequent periods, UNTHSC should identify and include all investments belonging to UNTHSC Foundation from the financial statements and investment reports. Any investments are not excluded, properly define on the investment reports which amount is for UNTHSC and for Foundation.</td>
<td>Management believes the Board of Regents should have quarterly visibility to all investments that exist for the benefit of the System and therefore each Foundation’s investments should not be excluded. However, we do agree that they should be clearly labeled as such. Treasury is in the process of reformatting all investment reports and will ensure that endowments, both campus and foundation, are included yet clearly labeled. A quality review of these reports is important and has been implemented to ensure that reports to the Board are accurate.</td>
<td>James Mauldin, Associate Vice Chancellor for Treasury</td>
<td>3/31/2016</td>
<td>Closed</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
<td>Public Involvement in Private Pensions – UNT System/ UNT Dallas – For certain months in fiscal year 2015, short term working capital funds and long term reserves percentage of available cash on hand were outside the ranges prescribed by policy. Additionally, necessary adjustments were not performed to ensure percentages remained within this range as required by the Regulation.</td>
<td>Low</td>
<td>Establish a review process to ensure investments in the quarterly investment reports are appropriate.</td>
<td>Management agrees with the recommendation. Management will add additional steps to the current set of reconciliation review procedures to ensure that the bank’s reported amount is for UNTHSC and is accurately reflected in the general ledger.</td>
<td>Barbara Hub, UNTHSC Senior Director Financial Operations</td>
<td>11/18/2015</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTHSC</td>
<td>Collateralization Below 102% - UNTHSC - For 11 days in August 2015, collateralization for deposit accounts fell below 102% of deposits.</td>
<td>Low</td>
<td>Review the Investment of System Funds Regulation 8.2.005 pertaining to short and long-term investment percentages to determine if the percentage requirement ranges should be updated to reflect the financial environment of UNT System and IV Institutions.</td>
<td>Management agrees with the recommendation. Management will add additional steps to the current set of reconciliation review procedures to ensure that the bank’s reported amount is for UNTHSC and is accurately reflected in the general ledger.</td>
<td>Barbara Hub, UNTHSC Senior Director Financial Operations</td>
<td>1/2/2016</td>
<td>Closed</td>
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<td>Internal / External</td>
<td>Reporting Agency</td>
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<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTMSC</td>
<td>Format and content of quarterly investment reports is not consistent across all institutions. Low Management should determine if cash should be included in the quarterly investment reports, and if so, defined apply methodology consistently for all institutions. Management has been aware of this need and has already targeted the implementation of a new format that will be standard across the System for the first report on Fiscal Year 2016.</td>
<td>James MacKidd, Associate Vice Chancellor for Treasury</td>
<td>2/25/2016</td>
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<td>Internal</td>
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<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTMSC</td>
<td>Format and content of quarterly investment reports is not consistent across all institutions. Low Management should determine if an appropriate reporting format and once established utilize the new format for all institutions. Management has been aware of this need and has already targeted the implementation of a new format that will be standard across the System for the first report on Fiscal Year 2016.</td>
<td>James MacKidd, Associate Vice Chancellor for Treasury</td>
<td>2/25/2016</td>
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<td>FY 2015 Investment Compliance Audit</td>
<td>UNT System, UNT, UNT Dallas, UNTMSC</td>
<td>Annual Review and Adoption of Financial Institutions - UNT System</td>
<td>Low Establish procedures to ensure compliance with System Regulation 08.2000, Section 2005, paragraph 10 or review the System Regulations to see if requirement is applicable as is and make changes as necessary. Management will review the regulation to determine appropriateness of the wording as this is not a requirement in the Public Funds Investment Act. Based upon the findings, either the regulation will be revised or procedure will be modified to ensure compliance.</td>
<td>James MacKidd, Associate Vice Chancellor for Treasury</td>
<td>11/20/2016</td>
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<td>UNT System, UNT, UNT Dallas, UNTMSC</td>
<td>Funded investment policy - UNTMSC. An updated institutional/investment policy is posted on the webpage under Chapter 10: Fiscal Management. However, this policy was superseded by System Regulation 08.2000 which was approved in August 2012. Low Management should update the website to reflect System Regulation 08.2000 and revisions made should be communicated to appropriate personnel. Management is in agreement with the recommendation. Management will implement additional steps to the current set of procedures to ensure timely updating of investment policies and maintaining all required investment disclosures on the institution’s website.</td>
<td>James Willet, UNTHSC Director Financial Planning &amp; Policy Analysis</td>
<td>5/2/2016</td>
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<td>Internal</td>
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<td>Governance and Regulatory Compliance</td>
<td>Joint Admission Medical Program Audit</td>
<td>UNTMSC</td>
<td>Non-Compliance with University Policy - Joint Admission Medical Program (JAMP) agreement was not properly set up in accordance to University Policy Chapter 13.123. High Work with appropriate management from the Office of Grants and Contract Management and the Office of Finance to set up JAMP as a sponsored project. We are in agreement with moving JAMP funds to the Office of Grants and Contract Management. It should be noted that this has never been recommended in any previous audit.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>1/23/2016</td>
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<td>UNT Information Security Users Guidelines - Credit Card Sensitive Information High Provide training to appropriate personnel in regards to the UNT Information Security Users Guide and PCI Best Practices. The Purchasing Card Program Supervisor sends a copy of the Citibank statement that includes the full account number each month as supporting documentation for the payment. The account number will be redacted going forward.</td>
<td>Kimberly Bier, Purchasing Card Program Supervisor</td>
<td>10/28/2016</td>
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<td>UNT Information Security Users Guidelines - Credit Card Sensitive Information High Mask credit card information that is transmitted by email, uploaded and retained in the document management system, Application/Instructor, to help ensure sensitive information is not compromised. The Purchasing Card Program Supervisor sends a copy of the Citibank statement that includes the full account number each month as supporting documentation for the payment. The account number will be redacted going forward.</td>
<td>Kimberly Bier, Purchasing Card Program Supervisor</td>
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<td>Kidney Resection Process - Internal Audit was unable to validate the reconciliation process between the FY 2015 expenditure reports to the University’s Accounting System. High Develop procedures to help ensure that the expenditures recorded in the Expenditure Report are reconciled on a regular basis to the Accounting System. We are in agreement with this assessment. We will set aside periodic reconciliation periods to review JAMP expenditures to the Accounting System.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>1/1/2016</td>
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<td>UNTMSC</td>
<td>Non-Compliance with JAMP Medical School Expenditure Guidelines - Time and Effort Reporting - During our review of payroll activities related to JAMP, we noted that the JAMP Coordinator salary devoted to the project was based on an estimated average of annual time and effort. High Develop procedures to track and verify the accuracy of actual time and effort devoted to the program to help ensure compliance with the JAMP Medical School Expenditure Guidelines. We are in agreement with the assessment that there is no official tracking of the JAMP Coordinator time and effort fairly estimated. With the move of financials to the Office of Grants and Contract Management this will be a part of a new process for reporting time. It should be noted that this has never been recommended in any previous audit.</td>
<td>Mike Kennedy, Director of Admissions</td>
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<td>UNTMSC</td>
<td>Non-Compliance with JAMP Medical School Expenditure Guidelines - Time and Effort Reporting - During our review of payroll activities related to JAMP, we noted that the JAMP Coordinator salary devoted to the project was based on an estimated average of annual time and effort. High Re-evaluate percentage of salary distribution based on actual time and effort to help ensure that it is proportionate to the direct support to the JAMP Project. We are in agreement with the assessment that there is no official tracking of the JAMP Coordinator time and effort fairly estimated. With the move of financials to the Office of Grants and Contract Management this will be a part of a new process for reporting time. It should be noted that this has never been recommended in any previous audit.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>1/1/2016</td>
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Internal Audit | UNTS System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Joint Admission Medical Program Audit | UNT/UNTHSC | Non-Compliance with JAMP Medical School Expenditure Guidelines - Out of State Travel (Unallowable Cost) - A total of $1,309.11 was used to fund out-of-state travel as a direct administrative cost under the JAMP Administrative Distribution. |
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<td>Expected Implementation Date</td>
<td>Recommendation Status</td>
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<td>Use a different funding source to cover the out of state travel expenditures and reimburse the JAMP Program account for the amount of $1,309.11.</td>
<td>We are in agreement with this assessment. We will review JAMP expenditure guidelines to ensure compliance. We will identify another account to reimburse JAMP for the aforementioned expenditures. We also feel that the move of JAMP financials to the Office of Grants and Contract Management will be a better process moving forward.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>12/1/2015</td>
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Internal Audit | UNTS System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Joint Admission Medical Program Audit | UNT/UNTHSC | Non-Compliance with JAMP Medical School Expenditure Guidelines - Out of State Travel (Unallowable Cost) - A total of $1,309.11 was used to fund out-of-state travel as a direct administrative cost under the JAMP Administrative Distribution. |
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<td>Re-educate the JAMP Coordinator on the JAMP Medical Expenditure Guidelines.</td>
<td>We are in agreement with this assessment. We will review JAMP expenditure guidelines to ensure compliance. We will identify another account to reimburse JAMP for the aforementioned expenditures. We also feel that the move of JAMP financials to the Office of Grants and Contract Management will be a better process moving forward.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>12/1/2015</td>
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Internal Audit | UNTS System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Joint Admission Medical Program Audit | UNT/UNTHSC | Inadequate Monitoring of Expenditures - Two expenditures were incorrectly processed resulting in an overpayment of $1,712.00 from the JAMP fund. |
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<td>Request repayment from the JAMP Coordinator for the amount over-reimbursed of $225.00.</td>
<td>The $225 reimbursement has been requested as of 10/22/2015. We will request a refund from the Department of Medical Education for $1,500.00. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP expenditures.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>12/1/2015</td>
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Internal Audit | UNTS System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Joint Admission Medical Program Audit | UNT/UNTHSC | Inadequate Monitoring of Expenditures - Two expenditures were incorrectly processed resulting in an overpayment of $1,712.00 from the JAMP fund. |
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<td>Develop expenditure verification procedures to help ensure that all transactions entered into the Accounting System are verified for accuracy and any errors are timely reported to the appropriate office for correction.</td>
<td>The $225 reimbursement has been requested as of 10/22/2015. We will request a refund from the Department of Medical Education for $1,500.00. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP expenditures.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>12/1/2015</td>
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Internal Audit | UNTS System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Joint Admission Medical Program Audit | UNT/UNTHSC | Student Wages - For 27 timecards reviewed, hours reported on three timecards could not be reconciled to the student employees' payroll disbursement, for a net effect of $153.00. |
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<td>Require all personnel entering and approving time to be re-educated on the Hourly Payroll Guidelines.</td>
<td>We are in agreement with this assessment. All staff who are responsible for time cards will undergo training through BSC on time and labor entry. Internal office procedures will be put in the place to allow more time for reconciliation of hourly payroll.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>1/1/2016</td>
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Internal Audit | UNTS System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Joint Admission Medical Program Audit | UNT/UNTHSC | Student Wages - For 27 timecards reviewed, hours reported on three timecards could not be reconciled to the student employees' payroll disbursement, for a net effect of $153.00. |
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<td>Implement a process to reconcile time entered in ERD Time and Labor to the employee's timesheet prior to the payroll cut-off date.</td>
<td>We are in agreement with this assessment. All staff who are responsible for time cards will undergo training through BSC on time and labor entry. Internal office procedures will be put in the place to allow more time for reconciliation of hourly payroll.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>1/1/2016</td>
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Internal Audit | UNTS System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Joint Admission Medical Program Audit | UNT/UNTHSC | Non-Compliance with Purchasing Card (P-Card) Guidelines - Pard Guidelines were not always followed. |
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<td>Require all current P-Card holders, reconcilers and approvers to be retrained on P-Card policies and procedures.</td>
<td>We are in agreement with this assessment. Prior to this audit changes were made in the P-Card usage process within the department. We have moved all P-Card spending to one account holder and assigned a new reconciler to all P-Card transactions. We expect this change will increase risk for noncompliance.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>1/1/2016</td>
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Internal Audit | UNTS System Internal Audit | Fiscal Year 2016 | Governance and Regulatory Compliance | Joint Admission Medical Program Audit | UNT/UNTHSC | Non-Compliance with Purchasing Card (P-Card) Guidelines - Pard Guidelines were not always followed. |
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<td></td>
<td>Establish University Business P-Card Guidelines.</td>
<td>We are in agreement with this assessment. Prior to this audit changes were made in the P-Card usage process within the department. We have moved all P-Card spending to one account holder and assigned a new reconciler to all P-Card transactions. We expect this change will increase risk for noncompliance.</td>
<td>Mike Kennedy, Director of Admissions</td>
<td>1/1/2016</td>
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<td>Joint Admission Medical Program Audit</td>
<td>UNTMSC</td>
<td>Improper Billing Expenditures to Incorrect Fiscal Years - Testing identified two expenditures that they were not processed within the appropriate fiscal year.</td>
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<td>Joint Admission Medical Program Audit</td>
<td>UNTMSC</td>
<td>Improper Commingling of Revenues and Expenditures - Testing identified that the Summer Internship Program and the Administration Distribution funds are deposited into and expended from the same Department ID.</td>
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<td>UNTMSC</td>
<td>Untimely Repayment of Petty Cash - An amount of $20.47 (39%) expenditures reviewed related to JAMP activities.</td>
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<td>Joint Admission Medical Program Audit</td>
<td>UNTMSC</td>
<td>Inadequate Support Documentation - Inadequate support documentation of attendees were not kept (i.e. missing, not used or not sufficient to support the expenditure for 12 of 34 (36%) expenditures reviewed related to JAMP activities.</td>
</tr>
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<td>Joint Admission Medical Program Audit</td>
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<td>Return of unspent FY 2014 Funds - An amount of $361.91 of unspent FY 2014 funds was not replenished in order to be reflected on the Accounting System and the Expenditure Report.</td>
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<td>Non-Compliance with Travel Guidelines - Untimely Submission of Travel Vouchers - Travel Guidelines were not always followed.</td>
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<td>Fiscal Year 2016</td>
<td>Academic &amp; Students</td>
<td>UNT Dallas Student Fees Audit</td>
<td>UNT System: Personally Identifiable Information - During our review of the cashiering area, we identified personally identifiable information (PII) (i.e. social security numbers, birth certificates, marriage/license) related to waiver support documentation which dates back to 2007.</td>
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<td>UNT System: Cash Control - Deposits - Testing identified that funds are not deposited timely within seven days after receipted by the institution in accordance with the Texas Education Code § 51.003. Additionally, it was noted that funds are received from students by multiple departments within the College of Law but not delivered to the Assistant Registrar for deposit on a timely basis.</td>
<td>High</td>
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<td>UNT System: Cash Controls - Safe Combination - Combinations to the safe are not modified when there is a change in staff or change in custody of the safe.</td>
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<td>UNT System: Unauthorized Change Fund - An unauthorized change fund for the amount of $250.00 was established at the UNT System for the purpose of providing change for parking token sales to students and faculty members.</td>
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<td>UNT System: Cash Controls - Change Fund - A change fund has not been established at the Office of Student Financial Services (University Cashiering) for the purpose of supporting their daily operations in a campus environment where an increased number of student population pays tuition and fees with cash.</td>
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<td>UNT Dallas: Security Devices - Although our walkthrough of UNT Dallas Security Devices identified the following, University Administration has initiated a search of security technology vendors prior to this review: • 4 out of 25 cameras (16%) were not working properly and no video images were available at the time of review • cameras were not identifiable by a location • record retention protocols were not established • cameras over cashing were not appropriately positioned to ensure full coverage • cameras and panic buttons were not being tested. Therefore, we were unsure whether or not they are actually functioning.</td>
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<td>UNT Dallas: Reconciliation of Application/Orientation Fees - The number of undergraduate/graduate applicants submitting an application fee payment and the number of students submitting an orientation fee payment are not reconciled to revenues recorded in each respective account in the University Accounting System to help ensure that all payments received were posted in the proper accounts.</td>
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<td>UNT Dallas: Conflict of Interest - Student Workers - During our review of payroll expenditures funded by Student Services Fees, we noted that 3 out of 5 Student Service Fee Advisory Committee members for FY 2015 and 2 out 5 members for FY 2016 appointed by the Student Government Associations were also working as Student Assistants to the Office of Student Affairs. The Student Service Fee Advisory Committee By-laws will be updated to reflect that students who are currently student assistants and funded by student fees may not hold a seat by either Student Government Association appointment or President appointment.</td>
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<td>UNT Dallas: Academic Catalog - During our review of the UNT Dallas Undergraduate and Graduate Catalogs for academic years 2013-2014, 2014-2015 and 2015-2016, we noted that the Catalogs available online did not provide the students current, complete and accurate information.</td>
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UNT System: Discrepancy in Billing of 2nd Bachelor's Degree

- Identify and refund all students that have overpaid since FY2011.
- VP of Student Access and Success will work with UNT System Director of Financial Services, Student Finance and the Director of Graduate Admissions to ensure Nelnet is charging the correct amount to 2nd Bachelor's Degree students. VP and Directors will also work together to ensure that all students who may have overpaid are refunded.

UNT Dallas: Instructional Fee Assessment Process - The 2nd Bachelor's application fee amount was not consistently charged to students paying online and via check, money order, or cash. Students are asked to pay $50.00 via check, money order, or cash to UNT Dallas but $60.00 online through Nelnet (Online Business/Payment Solution). Although students are not instructed to pay online, this payment option is available on the University website.

- The Student Service Fee Advisory Committee should be established to review the rate/amount to cover the cost of student services.
- The Student Service Fee Advisory Committee should develop a report so as to address the increase of $10.00 per credit hour. During our review, we noted that current SSF process does not encompass the study of SSF amount to exist in evaluating if current/cost amount is sufficient to cover the cost of student services.

UNT Dallas: Instructional Fee Assessment Process - Since FY2011, Student Services Fee (SSF) has been set at $10.00 per credit hour. During our review, we noted that current SSF process does not encompass the study of SSF amount to exist in evaluating if current/cost amount is sufficient to cover the cost of student services.

- The Student Service Fee Advisory Committee should develop a report so as to address the increase of $10.00 per credit hour. During our review, we noted that current SSF process does not encompass the study of SSF amount to exist in evaluating if current/cost amount is sufficient to cover the cost of student services.

UNT Dallas: Discrepancy in Billing of 2nd Bachelor's Degree Program - The 2nd Bachelor's application fee amount was not consistently charged to students paying online and via check, money order, or cash. Students are asked to pay $50.00 via check, money order, or cash to UNT Dallas but $60.00 online through Nelnet (Online Business/Payment Solution). Although students are not instructed to pay online, this payment option is available on the University website.

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<td>UNT Dallas: Student Tuition and Fees Policy - During our review, we noted that UNT Dallas has not adopted policies for student tuition and fees. However, a draft policy on Tuition and Fees has been developed and will be submitted to the Office of General Counsel for review and approval. Moderate</td>
<td>The draft Tuition and Fees policy should be modified to reflect and define important Tuition and Fee elements and be submitted to the Office of General Counsel for review and approval. The UNT Dallas Tuition and Fees policy was drafted and submitted to the Office of General Counsel for review and approval. Daniel Edelman, Chief Financial Officer and the Executive Vice President for Finance and Administration</td>
<td>3/30/2016</td>
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<td>UNT Dallas: Incidental Fee Account Balances - During our review of six incidental fee accounts for UNT Dallas and UNT Dallas College of Law for FY 2014, FY 2015 and FY 2016, we noted incidental fee account balances were not rolled forward at the end of each fiscal year. Furthermore, testing identified 1 out of 6 incidental fee accounts had a large unexpended balance for FY 2015. Moderate</td>
<td>Update the accounts in University Accounting System to roll forward at the end of each fiscal year. With these recommendations, the Budget Office will have a chance to edit budget closing rules and determine which budget balances roll forward into next fiscal year and which fund balances will close at the end of the fiscal year. A proposed list of incidental and student services fees accounts to roll forward will be communicated and approved by Chief Financial Officer and the Executive Vice President for Finance and Administration. Also, for any incidental fee budget roll forward balance that exceeds 25% of original budget, a formal justification will be required from the account manager. This justification shall include the reason for the unexpended balance and plans for the unexpended balance. Additionally, if the incidental fee account is projected to roll forward a deficit balance, regardless of dollar amount, the account manager shall submit a formal justification that includes the reason and plan for deficit coverage. All formal justifications shall be submitted to the Assistance Vice President for Budget and Planning by no later than February 1st each fiscal year and must contain the signature of the respective Vice President. April Barnes, Assistant Vice President of Budgeting and Planning</td>
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<td>Establish an annual requirement for accountholders to provide a formal justification or action plans for unexpended balances over an established threshold. With these recommendations, the Budget Office will have a chance to edit budget closing rules and determine which budget balances roll forward into next fiscal year and which fund balances will close at the end of the fiscal year. A proposed list of incidental and student services fees accounts to roll forward will be communicated and approved by Chief Financial Officer and the Executive Vice President for Finance and Administration. Also, for any incidental fee budget roll forward balance that exceeds 25% of original budget, a formal justification will be required from the account manager. This justification shall include the reason for the unexpended balance and plans for the unexpended balance. Additionally, if the incidental fee account is projected to roll forward a deficit balance, regardless of dollar amount, the account manager shall submit a formal justification that includes the reason and plan for deficit coverage. All formal justifications shall be submitted to the Assistance Vice President for Budget and Planning by no later than February 1st each fiscal year and must contain the signature of the respective Vice President. April Barnes, Assistant Vice President of Budgeting and Planning</td>
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<td>Student Service Fee Advisory Committee Composition - During our review of the FY 2014-2015 UNT Dallas Student Service Fee Advisory Committee composition, we noted that the student government appointed five undergraduate students as representatives of all students enrolled at the institution. When the committee deliberated in FY 2015, none of the members appointed by the student government were graduate students. Additionally, when the committee deliberated on FY 2016, none of the members appointed by the student government were graduate or law students. Furthermore, we noted that since UNT Dallas and UNT Dallas College of Law are not within the same reasonably contiguous geographic area, some activities funded partially with student services fees may not be easily accessible and directly benefiting the Law student community.</td>
<td>Moderate</td>
<td>Modify current Fee Advisory Committee bylaws to include composition requirements provided by the Texas Education Code § 54.0011 Student Fee Advisory Committee to help ensure that student government appointees are representation of all students enrolled at the institution.</td>
<td>The Student Service Fee Advisory Committee will ensure that the Student Government Appointment appoint one graduate student, and one college of law student to ensure representation of all students at UNT Dallas. Student Affairs will continue to expand the current process to ensure core services are available for students at the college of law. Currently (includes all of FY 2016) College of Law students have access to our Veterans Success Center and the Gym. They are also notified through UNT Dallas Announcements each week with the weekly programming and activities that they offer for our students via the Jaguar Roar. • We will continue to work in collaboration with the Student Affairs office at the College of Law, so that COL students continue to be notified through UNT Dallas Announcements (sent by a member of Student Affairs) each week with the weekly programming and activities that we offer for our students. Student Affairs remains committed to ensuring that all UNT Dallas students have access to services for which their fees provide. • We will continue to diligently work with the College of Law to further that students can take advantage of services that their fees provide for on both campuses.</td>
<td>Jamaica Chapple, Dean of Student Affairs</td>
<td>Revised 01/24/2017</td>
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<td>Moderate</td>
<td>Develop a process to help ensure that student services activities funded with student services fees at UNT Dallas are more easily accessible to the College of Law students.</td>
<td>The Student Service Fee Advisory Committee will ensure that the Student Government Appointment appoint one graduate student, and one college of law student to ensure representation of all students at UNT Dallas. Student Affairs will continue to expand the current process to ensure core services are available for students at the college of law. Currently (includes all of FY 2016) College of Law students have access to our Veterans Success Center and the Gym. They are also notified through UNT Dallas Announcements each week with the weekly programming and activities that they offer for our students via the Jaguar Roar. • We will continue to work in collaboration with the Student Affairs office at the College of Law, so that COL students continue to be notified through UNT Dallas Announcements (sent by a member of Student Affairs) each week with the weekly programming and activities that we offer for our students. Student Affairs remains committed to ensuring that all UNT Dallas students have access to services for which their fees provide. • We will continue to diligently work with the College of Law to further that students can take advantage of services that their fees provide for on both campuses.</td>
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<td>UNT Dallas: Incidental Fee Approval Documentation - The application fees for undergraduate and graduate students charged from $60.00 to $450.00 and $60.00 to $750.00, respectively, and a $50.00 late application fee was no longer assessed for any applications submitted since Summer 2016. However, a formal documentation that include the President as the final reviewer and approver of this change in application fee was not available for our review.</td>
<td>Moderate</td>
<td>Develop procedures to help to ensure appropriate approval processes are in place when there are changes in fees and support documentation is retained.</td>
<td>The following management action plans and affirmation in regards to incidental fees were communicated and approved by the UNT Dallas President on June 3, 2016: • Effective immediately, all incidental fees shall be frozen at rates established as set forth in this memo and no new incidental fees shall be assessed without prior written approval from the UNT Dallas President until such time an approved policy can be implemented. • A proposed policy regarding incidental fees shall be submitted for your approval within the next 60 days and implemented by February 2017. • Please be aware that incidental fees charged for FY 2016 (and prior years) do not reconcile to the UNT System Board Briefing dated January 22, 2010 (UNT at Dallas Tuition for FY 2011, 2012 and 2013 and Fees for FY 2011). Apparently, over the years, a number of incidental fees being charged has increased as well as changes in the rates assessed. Unfortunately, documentation with Presidential approval cannot be located. Pursuant with UNT System Board of Regents Rule, Chapter 7 – Student Affairs, Education and Funding (07.403.2.d), authority has been delegated to the President of UNT Dallas to set the appropriate rates and rules pertaining to collection and distribution. • Incidental fees shall be assessed through Student Financial Services by SF Item Type. College of Law specific fees shall contain appropriate General Ledger Interface mapping to direct the activity to Organizational Departments located in the office of Student Affairs.</td>
<td>Candice Edelmon, Chief Financial Officer and Vice President for Finance and Administration</td>
<td>8/3/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNT Dallas Student Fees Audit</td>
<td>UNT Dallas</td>
<td>UNT Dallas: Additional funds Collected from Students - The Office of Student Affairs collects additional funds from students for a few student-oriented activities as a participation fee to ensure proper planning for activities. Specifically, the College of Law may charge this additional fee to ensure student participation. The participation fee varies for these events from $9.00 to $15.00 and is determined in collaboration with the Student Bar Association (SBA)-elected leaders. For FY 2016 the College of Law was allocated $60,000.00 by the Student Service Fee Advisory Committee to be used to serve the College’s student body needs. Although the College of Law expended only $7,517.66 as of January 2016, major events funded by student services fees such as the Barristers’ Ball and Over-the-Hump are planned later in the Spring semester.</td>
<td>Moderate</td>
<td>Plan/Determine what the student services fees will be assessed for.</td>
<td>We concur that we need to plan/determine what the student services fees will be utilized for and will continue to do so within the guidelines of the statutory Student Services Fee Advisory Committee (SSFAC) process. • We will work with the SBA and student organizations on their budget proposal deadlines each semester. • While we will expend all Student Services Fees each year, we will notify students that some events may require a minimal participation fee. • No additional funds will be commingled with student services fees. Funds collected will have appropriate segregation of duties when receiving, processing, and depositing money. • The Office of Student Affairs will record cash/money order payments on carbon receipts. The receipts will state the name of the payor and the name of the Student Affairs staff person who received the payment. An administrative assistant from another law school department will review/reconcile the payments received with the receipts and verify that the payments match the receipts. The deposit of the cash/money order payments will be given to Candice Edelmon, the law school cashier, who will sign a statement confirm receipt of the funds.</td>
<td>Rebecca Greiner, Assistant Dean of Students</td>
<td>5/31/2017</td>
<td>Open</td>
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<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individual Responsible for Implementation</td>
<td>Expected Implementation Date</td>
<td>Recommendation Status</td>
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<td>Internal</td>
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<td>UNT Dallas Student Fees Audit</td>
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<td>UNT Dallas: Additional funds collected from students - The Office of Student Affairs collects additional funds from students for a few student-oriented activities as a participation fee to ensure proper planning for activities. Specifically, the College of Law may charge this additional fee to ensure student participation. The participation fee varies for these events from $5.00 to $15.00 and is determined in collaboration with the Student Bar Association (SBA)-elected leaders. For FY 2016 the College of Law was allocated $60,000.00 by the Student Service Fee Advisory Committee to be able to serve the College's student body needs. Although the College of Law expended only $7,157.66 as of January 2016, major events funded by student services fees such as the Barristers' Ball and Over-the-Hump are planned later in the Spring semester.</td>
<td>Moderate</td>
<td>Determine if the fees allocated to the College by the Student Service Fee Advisory Committee will cover the cost and relay to students that additional funds will be needed to participate in the event/activity.</td>
<td>We concur that we need to plan/determine what the student services fees will be utilized for and will continue to do so within the guidelines of the statutory Student Services Fee Advisory Committee (SSFAC) process. • We will work with the SBA and student organizations on their budget proposal deadlines each semester. • While we will expend all Student Services Fees each year, we will notify students that some events may require a minimal participation fee. • No additional funds will be commingled with student services fees. Funds collected will have appropriate segregation of duties when receiving, processing, and depositing money. • The Office of Student Affairs will record cash/money order payments on carbon receipts. The receipts will state the name of the payor and the name of the Student Affairs staff person who received the payment. An administrative assistant from another law school department will review/reconcile the payments received with the receipts and verify that the payments match the receipts. The deposit of the cash/money order payments will be given to Candice Birks, the law school bursar, who will sign a statement confirm receipt of the funds.</td>
<td>Candice Birks, College of Law Assistant Dean of Students</td>
<td>5/31/2017</td>
<td>Open</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year</td>
<td>Academic and Students</td>
<td>UNT Dallas Student Fees Audit</td>
<td>UNT Dallas</td>
<td>UNT Dallas: Additional funds collected from students - The Office of Student Affairs collects additional funds from students for a few student-oriented activities as a participation fee to ensure proper planning for activities. Specifically, the College of Law may charge this additional fee to ensure student participation. The participation fee varies for these events from $5.00 to $15.00 and is determined in collaboration with the Student Bar Association (SBA)-elected leaders. For FY 2016 the College of Law was allocated $60,000.00 by the Student Service Fee Advisory Committee to be able to serve the College's student body needs. Although the College of Law expended only $7,157.66 as of January 2016, major events funded by student services fees such as the Barristers' Ball and Over-the-Hump are planned later in the Spring semester.</td>
<td>Moderate</td>
<td>Additional funds collected should be deposited within the same chart string account as a credit to expense with a unique identifying purpose value. Also, funds collected should have appropriate segregation of duties when receiving, processing and depositing the money.</td>
<td>We concur that we need to plan/determine what the student services fees will be utilized for and will continue to do so within the guidelines of the statutory Student Services Fee Advisory Committee (SSFAC) process. • We will work with the SBA and student organizations on their budget proposal deadlines each semester. • While we will expend all Student Services Fees each year, we will notify students that some events may require a minimal participation fee. • No additional funds will be commingled with student services fees. Funds collected will have appropriate segregation of duties when receiving, processing, and depositing money. • The Office of Student Affairs will record cash/money order payments on carbon receipts. The receipts will state the name of the payor and the name of the Student Affairs staff person who received the payment. An administrative assistant from another law school department will review/reconcile the payments received with the receipts and verify that the payments match the receipts. The deposit of the cash/money order payments will be given to Candice Birks, the law school bursar, who will sign a statement confirm receipt of the funds.</td>
<td>Candice Birks, College of Law Assistant Dean of Students</td>
<td>5/31/2017</td>
<td>Open</td>
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<td>Internal / External</td>
<td>Reporting Agency</td>
<td>Fiscal Year Report was Issued</td>
<td>Audit Category</td>
<td>Report Name</td>
<td>Component Institution</td>
<td>Key Observations</td>
<td>Risk Level</td>
<td>Recommendation Details</td>
<td>Management Response</td>
<td>Individual Responsible for Implementation</td>
<td>Expected Implementation Date</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>2016</td>
<td>Academic and Students</td>
<td>UNT Dallas Student Fees Audit</td>
<td>UNT Dallas College of Law: Seat Deposit Reconciliation - Reconciliation procedures have not been performed to verify that seat deposits sent by admitted Law Students to UNT College of Law Admission's Office were properly credited towards the correct student account if the student enrolled, or were properly recorded in the correct chart of accounts if seat deposits were forfeited.</td>
<td>Moderate</td>
<td>Develop reconciliation procedures to help ensure that seat deposit checks received were credited towards the correct student account if the student enrolled or were properly recorded in the correct chart of accounts if the seat deposit was forfeited.</td>
<td>The College of Law: Office of Admissions will work with the Information Technology Manager at Dallas to establish a query report to be run weekly to ensure seat deposits received by the Office are timely processed and the respective student accounts are updated by student finance timely. This will allow the Office of Admissions to prevent or identify processing errors early—as a checks and balance mechanism. Additionally, the Office of Admissions will work with the Information Technology Manager at Dallas to establish a query report to be run weekly to ensure seat deposits received by the Office are timely processed and the respective student accounts are updated by student finance timely. This will allow the Office of Admissions to prevent or identify processing errors early—as a checks and balance mechanism. Additionally, the Office of Admissions will work with the Information Technology Manager at Dallas to establish a query report to be run weekly to ensure seat deposits received by the Office are timely processed and the respective student accounts are updated by student finance timely. This will allow the Office of Admissions to prevent or identify processing errors early—as a checks and balance mechanism. Additionally, the Office of Admissions will work with the Information Technology Manager at Dallas to establish a query report to be run weekly to ensure seat deposits received by the Office are timely processed and the respective student accounts are updated by student finance timely. This will allow the Office of Admissions to prevent or identify processing errors early—as a checks and balance mechanism.</td>
<td>Valerie James, College of Law Assistant Dean of Admissions and Scholarships</td>
<td>9/1/2016</td>
<td>Open</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>2016</td>
<td>Academic and Students</td>
<td>UNT Dallas Student Fees Audit</td>
<td>UNT Dallas College of Law Academic Catalog - Although the total cost of attendance is included in the 2015-2016 UNT Dallas College of Law Catalog, the catalog did not include a description of the amount of each fee to be charged to students.</td>
<td>Moderate</td>
<td>Develop procedures to help ensure that future academic catalogs include a description of the amount of each fee to be charged to students in accordance with the statute.</td>
<td>The three individuals who work on this page for the College of Law catalog are: 1) Assistant Director of Registration and Student Finance, 2) Information Technology Manager, Accounting Office, and 3) Director of Marketing and Communications. These three have been informed that moving forward, the incidental fees should be broken down and specifically identified/explained so that students have complete transparency as to the fee being charged and paid. In addition, these fees are also available on the College of Law website, by semester: <a href="https://lawschool.untsystem.edu/current-students/student-financial-services/tuition-and-fees">https://lawschool.untsystem.edu/current-students/student-financial-services/tuition-and-fees</a>.</td>
<td>Reynaldo Valencia, College of Law Associate Dean for Finance and Administration and Professor of Law</td>
<td>8/15/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>2016</td>
<td>Governance and Regulatory Compliance</td>
<td>President's Expenditure Review</td>
<td>UNTHSSC Travel Reimbursements paid to or on behalf of the President were in compliance with employment agreement provisions, System/University policies, state and federal laws. Although all travel reimbursements included proper documentation, not all travel budget authorization forms were signature-approved by the Chancellor, as required by UNT System Travel Guidelines. Additionally, Business Support Services processed the payments without all the appropriate approval signatures.</td>
<td>NA</td>
<td>None</td>
<td>Management will ensure that approval forms the Chancellor will be obtained for all Travel Budget Authorization forms.</td>
<td>NA</td>
<td>NA</td>
<td>Closed</td>
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<td>Internal / External</td>
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<td>Fiscal Year Report was Issued</td>
<td>Audit Category</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Audit Category</td>
<td>Internal Audit</td>
<td>Audit of IT Governance - IT Shared Services</td>
<td>UNT System</td>
<td>The IT Governance Audit was very enlightening as it involved an in-depth analysis of the organizational structure and communication lines, and an overview of policies and procedures, security program and plans, strategic plan and risk assessment, and website / web application publishing. During the course of the audit, the team found that IT is making significant efforts to strengthen communication and governance throughout the System and found that all teams are working to improve the communication lines between individuals as well as committees.</td>
<td>Moderate</td>
<td>Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: 1. Determine all payroll amounts incorrectly expensed to the fund and move to appropriate funding sources.</td>
<td>1. Management agrees. Management agrees to locate a new fund that more appropriately aligns with incorrect expenses.</td>
<td>NA</td>
<td>NA</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Audit Category</td>
<td>Academic and Students</td>
<td>Office of Sustainability Audit</td>
<td>UNT</td>
<td>Three employees were paid from the Environmental Service Fee (ESF) fund while working on activities not eligible under the fund. The following specific issues were identified: 1. A student employee was paid $1,783 from the fund while working on a website not related to the fund. 2. A student employee was paid $1,919 from the fund while working on activities not related to the fund. 3. The Assistant Director was paid $16,643 from the fund from January 2015 to May 2015 while working on activities not related to the fund.</td>
<td>Moderate</td>
<td>Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: 1. Implement a procedure to assure expenses are reviewed and funds are only spent on allowable purposes. Implementation will ensure compliance with TEC Section 54.5041.</td>
<td>2. Management agrees. An advisor of the We Mean Green Fund (WMGF) will oversee activity of the WMGF Committee and provide guidance to committee on purpose of the fee and allowable purposes through the Committee Bylaws and ongoing training for returning and new committee members.</td>
<td>2. Hope Garcia, Executive Director of Student Affairs Administration and Gary Cocke, Student Coordinator of Sustainability</td>
<td>2/1/2016</td>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Audit Category</td>
<td>Academic and Students</td>
<td>Office of Sustainability Audit</td>
<td>UNT</td>
<td>Excess funds transferred from the Environmental Service Fee (ESF) fund to another department for an approved project were not claimed after project was completed. $3,818 out of the total funds transferred for a project remained with the department when the project was complete. The excess funds were not transferred back to the fund.</td>
<td>Low</td>
<td>Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: 1. Recover funds remaining after the project was completed.</td>
<td>1. Management agrees. Management agrees to determine the department that was transferred funds and request the excess of $3,818 be returned.</td>
<td>1. Elizabeth With, Vice President of Student Affairs and Hope Garcia, Executive Director of Student Affairs Administration</td>
<td>2/1/2016</td>
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<td>Recommendation Details</td>
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<td>Individually Responsible for Implementation</td>
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<td>Internal</td>
<td>UNT System - Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>Office of Sustainability Audit</td>
<td>UNT</td>
<td>Excess funds transferred from the Environmental Service Fee (ESF) fund to another department for an approved project were not claimed after project was completed. $3,818 out of the total funds transferred for a project remained with the department when the project was complete. The excess funds were not transferred back to the fund.</td>
<td>Low</td>
<td>Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: Develop procedures to fully account for use of money transferred from the ESF fund. Implementation will ensure compliance with TSC Section 54.5041.</td>
<td>4. Management agrees. If funds are committed to an effort in partnership with another department, funds may only be used in one of two ways: a. Through EOS which lists exact time line costs; b. By directly purchasing items/services from the ESF rather than transferring a lump sum.</td>
<td>Hope Garcia, Executive Director of Student Affairs Administration</td>
<td>2/1/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System - Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>Office of Sustainability Audit</td>
<td>UNT</td>
<td>Two tablets and a parking pass were not eligible to be paid using Environmental Service Fee (ESF). The following specific issues were identified: • $10 was used to pay for a parking pass. • $875 was used to purchase tablets.</td>
<td>Low</td>
<td>Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: Move the expenditures incorrectly charged to the fund to an alternative funding source.</td>
<td>5. Management agrees. An advisor of the We Mean Green Fund (WMGF) will oversee activity of the WMGF Committee and provide guidance to committee on purpose of the fee and allowable purposes through the Committee’s budget and ongoing training for returning and new committee members.</td>
<td>Hope Garcia, Executive Director of Student Affairs Administration and Gary Costo, Student Coordinator of Sustainability</td>
<td>2/1/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System - Internal Audit</td>
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<td>Academic and Students</td>
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<td>Two tablets and a parking pass were not eligible to be paid using Environmental Service Fee (ESF). The following specific issues were identified: • $10 was used to pay for a parking pass. • $875 was used to purchase tablets.</td>
<td>Low</td>
<td>Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: Implement a procedure to assure expenses are reviewed and funds are only spent on allowable purposes. Implementation will ensure compliance with TSC Section 54.5041.</td>
<td>6. Management agrees. An advisor of the We Mean Green Fund (WMGF) will oversee activity of the WMGF Committee and provide guidance to committee on purpose of the fee and allowable purposes through the Committee’s budget and ongoing training for returning and new committee members.</td>
<td>Hope Garcia, Executive Director of Student Affairs Administration and Gary Costo, Student Coordinator of Sustainability</td>
<td>2/1/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System - Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Family Medicine Residency Program</td>
<td>UNTSC</td>
<td>The Family Medicine Residency Program (FMRP) agreement is not set up as a sponsored project in accordance with the Health Science Center Policy and it is not processed or monitored for financial performance by the Office of Grant and Contract Management.</td>
<td>High</td>
<td>Recommendation for the Associate Dean for Educational Programs is to: Work with appropriate management from the Office of Grant and Contract Management and the Office of Finance to set up the FMRP as a sponsored project.</td>
<td>2. Associate Dean for Educational Programs will work with appropriate management from the Office of Grant and Contract Management (OGCM) and the Office of Finance to set up the FMRP as a sponsored project.</td>
<td>Lisa R. Nash, DD, Associate Dean for Educational Programs (Soraya Chaves, Texas DPT Administrator).</td>
<td>5/31/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System - Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Family Medicine Residency Program</td>
<td>UNTSC</td>
<td>The Family Medicine Residency Program (FMRP) agreement is not set up as a sponsored project in accordance with the Health Science Center Policy and it is not processed or monitored for financial performance by the Office of Grant and Contract Management.</td>
<td>High</td>
<td>Recommendation for the Provost &amp; Executive Vice President, Academic Affairs is to: Identify all grants, contracts or cooperative agreements (i.e. externally funded activities with a formal written agreement) and collaborate with the Office of Grant and Contract Management to assess if these agreements should be identified as sponsored projects. Once identified, work with Office of Grant and Contract Management to set up as sponsored projects.</td>
<td>1. The Provost office will coordinate review of the final outstanding Texas Higher Education Coordinating Board (THECB) contract number: 417/51 between Texas College of Osteopathic Medicine (TCOM) and OGCM to determine if a new ProjID should be established. Review will occur and if needed, ProjID will be established prior to January 30 to allow for necessary accounting corrections prior to the black-out dates. For future awards, the Provost’s office will ensure that all contracts submitted for signature by the Provost will have been vetted and routed through the Office of Contract Administration (OCA). OGCAM will coordinate with OCA to ensure contracts that incorporate the State of Texas Uniform Grant Management Standards as a requirement of the award are routed through OGCAM for review and project management.</td>
<td>Travis Verre, Provost &amp; Executive Vice President, Academic Affairs/Levin Enderly, Assistant Vice President for Research Administration</td>
<td>3/30/2016</td>
<td>Closed</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Family Medicine Residency Program</td>
<td>Testing identified the following:</td>
<td>High</td>
<td>Recommendation for the Vice President of Research:</td>
<td>Barbara Hill, Senior Director of Research Operations / Jessica Chavez, Texas OPTI Administrator</td>
<td>Revised: 10/31/2016</td>
<td>Closed</td>
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<td>the FPMP annual financial report was prepared in accordance with the Uniform Grant Management Standards for time and effort reporting. The Associate Dean for Educational Programs will work with the Office of Finance to develop and implement procedures to collect and report on financial activity related to the program in a manner that is in compliance with the Coordinating Board's financial reporting guidelines.</td>
<td>5/31/2016</td>
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<td>The Associate Deans for Educational Programs are to:</td>
<td>Lisa R. Nash, DO, Associate Dean for Educational Programs / Jessica Chavez, Texas OPTI Administrator</td>
<td>Revised: 10/31/2016</td>
<td>Closed</td>
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<td>The Associate Deans for Educational Programs are to:</td>
<td>Lisa R. Nash, DO, Associate Dean for Educational Programs / Jessica Chavez, Texas OPTI Administrator</td>
<td>Revised: 10/31/2016</td>
<td>Closed</td>
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<td>The Associate Deans for Educational Programs will require signature approval by three different individuals for fiscal reconciliation/approval of P-card purchases. Transition to electronic filing of P-card documentation resolves issue on retention of documents.</td>
<td>Lisa R. Nash, DO, Associate Dean for Educational Programs / Jessica Chavez, Texas OPTI Administrator</td>
<td>Revised: 10/31/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Family Medicine Residency Program</td>
<td>UNT/SHS</td>
<td>The FMRP grant was not properly classified in the UNT/SHS Accounting System for fiscal year 2015 and fiscal year 2016. During our review of classification of revenues and proper recording for the FMRP grant in the UNT/SHS Accounting System, we noted that fiscal year 2015 and fiscal year 2016 funds passed from the Texas Higher Education Coordinating Board (THECB) to UNT/SHS were classified as State Grant Pass Through Revenue - Operational compared to fiscal year 2015 funds, which were classified as State Grant Pass Through Revenue - Non-Operational. Based on the audited fiscal year 2013 and fiscal year 2014 FMRP Annual Financial Reports, the support received from THECB was 5.11% and 4.85% of the total revenues for the FMRP and are supplemental to the Program. The Associate Dean for Educational Programs also confirmed that the FMRP will be conducted regardless of the additional funds received from THECB.</td>
<td>Low</td>
<td>Recommendations for the UNT/SHS Associate Controller are to: Re-educate personnel on financial reporting of state grant pass through revenues to help ensure compliance with the Texas Comptroller of Public Accounts' guidelines.</td>
<td>Associate Dean for Educational Programs will work with appropriate management from the UNT System's Controller's Office to ensure the funds are recorded appropriately within UNT/SHS's Accounting System. In addition, the UNT System's Controller's Office will work with the Texas Comptroller of Public Accounts to make a determination if prior year Annual Financial Reports need to be adjusted to report the proper classification of the program's funds.</td>
<td>Dr. Elizabeth With, Vice President for Student Affairs</td>
<td>5/31/2016</td>
<td>Closed</td>
</tr>
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<td>Low</td>
<td>Recommendations for the UNT/SHS Associate Controller are to: Re-educate personnel on financial reporting of state grant pass through revenues to help ensure compliance with the Texas Comptroller of Public Accounts' guidelines.</td>
<td>Associate Dean for Educational Programs will work with appropriate management from the UNT System's Controller's Office to ensure the funds are recorded appropriately within UNT/SHS's Accounting System. In addition, the UNT System's Controller's Office will work with the Texas Comptroller of Public Accounts to make a determination if prior year Annual Financial Reports need to be adjusted to report the proper classification of the program's funds.</td>
<td>Dr. Elizabeth With, Vice President for Student Affairs</td>
<td>5/31/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>Student Service Fee Audit</td>
<td>UNT/SHS</td>
<td>The current process for monitoring Student Service Fee allocations is not sufficient to ensure funds are not over spent and funds are spent in accordance with approved purposes. Internal Audit reviewed and tested the Student Service Fee (SSF) process and allocations for fiscal year 2015. Out of 57 SSF dept ID allocations, 11 instances were identified where total expenditures exceeded available SSF account revenues. If additional other funding sources were not obtained by SSF dept ID holder then deficit balances were charged to the SSF reserve account at year end.</td>
<td>Low</td>
<td>Recommendations for Vice President for Student Affairs are to: Coordinate with the UNT Budget Office to establish a process to ensure that only transfers are processed by the UNT System's Controller's Office.</td>
<td>Management agrees. Established process to ensure no transfers are processed by the UNT Budget Office without approval from the VPSSA Office.</td>
<td>Dr. Elizabeth With, Vice President for Student Affairs</td>
<td>7/31/2016</td>
<td>Actual 08/29/2016</td>
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</tbody>
</table>
**UNTS Enterprise Audit Report Inventory**

<table>
<thead>
<tr>
<th>Audit Category</th>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
<th>Management Response</th>
<th>Individual Responsible</th>
<th>Expected Implementation Date</th>
<th>Recommendation Status</th>
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<td>Low</td>
<td>Recommendations for Vice President for Student Affairs:</td>
<td>Management agrees. Minutes will be taken at meetings. Dr. Elizabeth With, Vice President for Student Affairs</td>
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<td>Low</td>
<td>Recommendations for Vice President for Student Affairs:</td>
<td>Management agrees. Send memo to all dept ID holders pertaining approval process to transfer funds; also discuss during meetings with SSF dept ID holders (held as SSF process begins and when awards are made). Dr. Elizabeth With, Vice President for Student Affairs</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>Student Service Fee Audit</td>
<td>UNT</td>
<td>UNT Policy 18.4.7 Student Service Fee Committee does not reflect current member selection process by the Student Government Association President. UNT policy 18.4.7 states nine students will be selected to comprise a Student Service Fee Committee (SSF). Five students to be selected by the Student Government Association (SGA) President and four students by UNT President. In the current process the SGA President selects four because the SGA President is to be a member of the committee and acts as Chair of the SSGC.</td>
<td>Low</td>
<td>Recommendations for Vice President for Student Affairs:</td>
<td>Management agrees. Update policy to reflect actual practice. Dr. Elizabeth With, Vice President for Student Affairs</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNT System</td>
<td>Minutes are not taken on Student Service Fee Committee meetings. For selected Student Service Fee Committee (SSFC) members, annually the Vice President for Student Affairs management conducts meetings to explain to these members the committee’s responsibilities, establish meeting dates, explanation of the deliberation and SSF allocation processes. During these meeting priorities and Student Service Fee (SSF) allocation criteria are established. Documentation as to priorities determined, proposed meeting agendas and meeting dates, and applications requests for SSF funding are submitted. However, meeting minutes including attendance of these SSFC members present are not documented and retained.</td>
<td>Low</td>
<td>Recommendations for Vice President for Student Affairs:</td>
<td>Management agrees. Minutes will be taken at meetings. Debbie Stevens, Budget Officer for Division of Student Affairs</td>
</tr>
</tbody>
</table>

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**Report Name Component Institution Key Observations Risk Level Recommendation Details Management Response Individual Responsible for Implementation Expected Implementation Date Recommendation Status**

**Minutes are not taken on Student Service Fee Committee**

- **Recommendation for Vice President for Student Affairs:**
  - Written minutes should be kept on Student Service Fee Committee meetings held. Minutes should include all actions taken, those present and correspondence occurring during the meeting.

- **Management Response:**
  - Management agrees. Minutes will be taken at meetings.

- **Individual Responsible:**
  - Debbie Stevens, Budget Officer for Division of Student Affairs

- **Expected Implementation Date:**
  - 11/30/2016

- **Recommendation Status:**
  - Open
<table>
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<th>Reporting Agency</th>
<th>Fiscal Year Report was Issued</th>
<th>Audit Category</th>
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<td>Internal</td>
<td>UNT System</td>
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<td>Governance and Regulatory Compliance</td>
<td>Chancellor's Expenditure Review</td>
<td>UNT System</td>
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<td>Governance and Regulatory Compliance</td>
<td>Presidents' Expenditure Review</td>
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<td>None</td>
<td>None</td>
<td>NA</td>
<td>None</td>
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<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNT Student Money Management Center</td>
<td>UNT</td>
<td>The rate of default for the Green Loan Program (GLP) is high as compared to similar loans managed by the Student Money Management Center (SMMC), and at this rate, the loan program is unsustainable. • High default rate; 67.5% at December 31, 2015 and 60% at January 31, 2016 as compared to about 10% for the other loan programs. • For loans issued prior to August 2013, the collection rate since August 2013 to January 2016 is 9%, less than 4% per year. Overall default rate for old and new loans is 72%. Moderate</td>
<td>Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Coordinate with Student Accounting and University Cashiering Services to determine an effective way to disburse loans and collect repayments.</td>
<td>09/01/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
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<td>Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Coordinate with Student Accounting and University Cashiering Services to determine an effective way to display the blocks effectively in order to avoid any misconception.</td>
<td>01/15/2017</td>
<td>Open</td>
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<tr>
<td>Internal</td>
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<td>Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Coordinate with Student Accounting and University Cashiering Services to document current status, all appropriate blocks are in place, and all necessary documents are in file.</td>
<td>8/01/2016</td>
<td>Closed</td>
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<td>Current practice at Student Money Management Center (SMMC) is that management has some discretion as to the loan amounts and the repayment period for the Green Loan Program (GLP). Current procedures do not sufficiently document when and how much management discretion is allowable. • There is some management discretion as to the amount of fees to charge, for 1 out of 24 loans tested, an exception was noted where the total fees and charges due was $23; $20 late charge and $3 service charge. Only $17 was collected while $6 was waived. Additionally, procedures are not specific as to whether fees apply to a specific dollar amount of the loan i.e. $100 or $50. • Management also has some discretion as to the repayment date. For example, management can alter the repayment date if it falls on a weekend or if the student is aware of a difficulty in repaying before the deadline. Moderate</td>
<td>Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Review current GLP manual and update for procedures related to management discretion, including but not limited to, defining the exceptions and stating how and when management discretion should be applied, and also ensure that it is consistent with the current practice.</td>
<td>Paul Goebel, Assistant Director III, SMMC</td>
<td>8/1/2016</td>
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<td>Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Establish a specific periodic review process to ensure that the GLP manual is accurate and adequately addresses relevant issues. The procedures should indicate the last time it was reviewed.</td>
<td>Paul Goebel, Assistant Director III, SMMC</td>
<td>8/1/2016</td>
<td>Closed</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
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<td>UNT Student Money Management Center</td>
<td>Promissory notes and transcript blocks were not in place as required by the Green Loan Program (GLP) manual terms and conditions. Promissory notes and transcript blocks were missing for old loans issued prior to August 2013. There were also instances relating to loans issued after August 2013 where there were no blocks on non-current loans. Incomplete documentation and lack of enforcement of blocks reduce the chance of repayment of loans. Moderate</td>
<td>Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Establish a standard date of annual review for the GLP manual. Documentation of date of review on title page will be included in the updated GLP manual. Review loans issued prior to August 2013 and document current status, all appropriate blocks are in place, and all necessary documents are in file.</td>
<td>Danielle Champagne, Student Services Coordinator II</td>
<td>8/1/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNIT System</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNIT Student Money Management Center</td>
<td>Promissory notes and transcript blocks were not in place as required by the Green Loan Program (GLP) manual terms and conditions. Promissory notes and transcript blocks were missing for old loans issued prior to August 2013. There were also instances relating to loans issued after August 2013 where there were no blocks on non-current loans. Incomplete documentation and lack of enforcement of blocks reduce the chance of repayment of loans.</td>
<td>Moderate</td>
<td>Recommendation for Paul Goebel, Assistant Director III, Student Money Management Center: Establish a review process to ensure that appropriate blocks are being placed on students' accounts with non-current loans.</td>
<td></td>
<td>Paul Goebel, Assistant Director III, SMMC</td>
<td>8/1/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNIT System</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNIT Student Money Management Center</td>
<td>There is a variance between petty cash records, total amount of donations received to the fund, and the general ledger. There is a variance between the amount of fund balance per the Student Money Management Center (SMMC) records - $16,345, tally of the total amount of donations received into the fund - $22,625, and fund balance per the general ledger - $16,217.</td>
<td>Moderate</td>
<td>Recommendation for Paul Goebel, Assistant Director III, Student Money Management Center: Review current fund balance and coordinate with Financial Reporting to ensure that the correct balance is reflected in the general ledger.</td>
<td></td>
<td>Paul Goebel, Assistant Director III, SMMC</td>
<td>1/15/2017</td>
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<td>Internal</td>
<td>UNIT System</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNIT Student Money Management Center</td>
<td>There are instances where information on Student Money Management Center (SMMC) website is not consistent with information in the procedures Green Loan Program (GLP) manual. One of the terms and conditions listed on the SMMC’s website and in the GLP manual says that both transcript and registration blocks will be applied to late and default accounts but the intention and practice is to use transcript blocks only.</td>
<td>Low</td>
<td>Recommendation for Paul Goebel, Assistant Director III, Student Money Management Center: Review information currently posted to SMMC website for accuracy and consistency with policies and procedures.</td>
<td></td>
<td>Danielle Champagne, Student Services Coordinator II</td>
<td>8/15/2016</td>
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<td>Low</td>
<td>Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Establish a process to review information posted to SMMC website is performed periodically.</td>
<td>b. Annual date of website review has been set as August 1, documentation of this step will be included in the revised Green Loan Program Manual.</td>
<td>Paul Goebel, Assistant Director III, SMMC</td>
<td>8/1/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNT Student Money Management Center</td>
<td>UNT</td>
<td>The Green Loan Program (GLP) is not being maintained on an imprest basis as required by UNT cash handling policies. The Green Loan petty cash fund is not being maintained on an imprest system; when repayments are received, only fines not deposited while the principal is returned in the petty cash fund to be used to disburse for new loans.</td>
<td>Low</td>
<td>Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Coordinate with SAUCS to obtain receipts that comply with UNT cash handling policies.</td>
<td>a. Obtain approved receipt book from UNT Printing Services.</td>
<td>Paul Goebel, Assistant Director III, SMMC</td>
<td>8/2/2016</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNT Student Money Management Center</td>
<td>UNT</td>
<td>The Student Money Management Center (SMMC) uses pre-numbered receipts; however, the receipts do not comply with guidelines set forth in UNT policies. SMMC uses pre-numbered receipts but the receipts have not been approved by Student Accounting and University Cash Handling Services (SAUCS) as to form and content as required by Cash Handling Controls Policy 2.1.10.1 and does not have UNT logo printed on as required by UNT Sales and Receipt of Funds Policy 2.2.1.</td>
<td>Low</td>
<td>Recommendations for Assistant Director II, Student Money Management Center: Coordinate with SMMC to review information posted to SMMC website is performed periodically.</td>
<td>b. Annual date of website review has been set as August 1, documentation of this step will be included in the revised Green Loan Program Manual.</td>
<td>Danielle Champagne, Student Services Coordinator II</td>
<td>6/2/2016</td>
<td>Closed</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2016</td>
<td>Academic and Students</td>
<td>UNT Student Money Management Center</td>
<td>UNT</td>
<td>The Student Money Management Center (SMMC) uses pre-numbered receipts; however, the receipts do not comply with guidelines set forth in UNT policies. SMMC uses pre-numbered receipts but the receipts have not been approved by Student Accounting and University Cash Handling Services (SAUCS) as to form and content as required by Cash Handling Controls Policy 2.1.10.1 and does not have UNT logo printed on as required by UNT Sales and Receipt of Funds Policy 2.2.1.</td>
<td>Low</td>
<td>Recommendations for Assistant Director II, Student Money Management Center: Establish a process to ensure that all receipts issued are signed by SMMC as to form.</td>
<td>b. Annual date of website review has been set as August 1, documentation of this step will be included in the revised Green Loan Program Manual.</td>
<td>Danielle Champagne, Student Services Coordinator II</td>
<td>6/2/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
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<td>The Student Money Management Center (SMMC) uses pre-numbered receipts; however, the receipts do not comply with guidelines set forth in UNT policies. SMMC uses pre-numbered receipts but the receipts have not been approved by Student Accounting and University Cash Handling Services (SAUCS) as to form and content as required by Cash Handling Controls Policy 2.1.10.1 and does not have UNT logo printed on as required by UNT Sales and Receipt of Funds Policy 2.2.1.</td>
<td>Low</td>
<td>Recommendations for Assistant Director II, Student Money Management Center: Implement the use of SMMC approved receipts and payment deposit process.</td>
<td>b. Annual date of website review has been set as August 1, documentation of this step will be included in the revised Green Loan Program Manual.</td>
<td>Danielle Champagne, Student Services Coordinator II</td>
<td>6/2/2016</td>
<td>Closed</td>
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<tr>
<td>Internal</td>
<td>UNT/DSIC Institutional Compliance Office</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>SAFETY AND SECURITY AUDIT CONDUCTED BY UNT/DSIC INSTITUTIONAL COMPLIANCE OFFICE</td>
<td>UNT/DSIC</td>
<td>Safety Coordinator Training needs to be completed by each Safety Coordinator</td>
<td>NA</td>
<td>Institutional Compliance recommends that the Safety Office maintains a process that ensures that each UNT/DSIC Safety Coordinator has completed Safety Coordinator training. If training is not completed or is unable to be completed by the Safety Coordinator, then a new Safety Coordinator should be appointed for that department.</td>
<td>b. Annual date of website review has been set as August 1, documentation of this step will be included in the revised Green Loan Program Manual.</td>
<td>Matthew Moscio, Director, Safety Office</td>
<td>7/2/2016</td>
<td>Closed</td>
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<td>Report Name</td>
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<tr>
<td>Internal</td>
<td>UNTHSC Institutional Compliance Office</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Safety and Security Audit (conducted by UNTHSC Institutional Compliance Office)</td>
<td>UNTHSC</td>
<td>Institutional Compliance Office found that per the Fire Drill Report, corrective actions needed to be implemented and another Fire Drill should have been scheduled five to six months after to evaluate the efficiency of the corrective actions. Facilities had scheduled a complete fire alarm upgrade for the Gibson D. Lewis Library and the Safety Officer decided to perform the next drill in the building after the upgrade was completed. Funding for the fire alarm upgrade has been secured by Facilities for fiscal year 2016. The engineering has been completed, the next step is the installation. Brian Jordan is the Project Manager.</td>
<td>Moderate</td>
<td>UNTHSC recommends that the Safety Office conduct at least one emergency of fire drill exercise in the PCC and other high occupancy, multi-story buildings. A fire drill schedule has been implemented that tests each building at least once a year. A large scale emergency management exercise will be conducted in the PCC in October, 2016.</td>
<td>Matthew Moncus, Director, Safety Office</td>
<td>10/28/2016</td>
<td>Open</td>
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<td>Internal (Co-</td>
<td>PwC</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System Benefits Proportionality Internal Audit</td>
<td>UNT</td>
<td>Through review of all the each entity’s Benefits Proportionality processes and inspection of corresponding source documentation files, it identified the following: - Even though UNT documented procedures, accounting information, and screenshots within the source documentation file, there were not sufficient comments and/or notes embedded in the cells in the Section tabs explaining where information was obtained or what information was used for calculation. - UNT and UNTD did not utilize a “Lead Workpaper” tab within their source documentation files. This separate tab could be used to document all amounts and calculations related to the amounts recorded in the section tabs as well as to embed notes and comments explaining the source of information in a clearer and more concise manner. - There was not an “Information/Documentation Needed to Complete the APS 011 Form” section within the source documentation files used by each entity of the UNT System. As a result, significant information relevant to completing the APS 011 Form (such as completion and review instructions, State information, and other information), was not formally documented for. Moderate</td>
<td>UNT should embed comments and/or notes within the supporting documentation Excel file to explain specific details of key amounts, calculations, and sources of information.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>Internal / Co-Sourced</td>
<td>Pew</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System Benefits Proportionality</td>
<td>Internal Audit</td>
<td>UNT</td>
<td>Through review of the each entity's benefits Proportionality processes and inspection of corresponding source documentation files, it identified the following: Even though UNT documented procedures, accounting information, and screenshots within the source documentation file, there were not sufficient comments and/or notes embedded in the cells in the Section tabs explaining where information was obtained or what information was used for calculation. - UNT and UNTD did not utilize a &quot;Lead Workpaper&quot; tab within their source documentation files. This separate tab could be used to document all amounts and calculations related to the amounts recorded in the Section tabs as well as to embed notes and comments explaining the source of information in a clearer and more concise manner. - There was not an &quot;Information/Documentation Needed to Complete the APS 011 Form&quot; section within the source documentation files used by each entity of the UNT System. As a result, significant information relevant to completing the APS 011 Form (such as completion and review instructions, State information, and other information), was not formally documented for. Moderate</td>
<td>UNT and UNTD should implement a &quot;Lead Workpaper&quot; separate from the formal sections that would be used to detail source documentation and other important information. This workpaper could include the Method of Finance calculation, the Local Funds Adjustment calculation, and each benefits calculation.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
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<td>Internal / Co-Sourced</td>
<td>Pew</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT Dallas</td>
<td>Internal Audit</td>
<td>UNT Dallas</td>
<td>Through review of the each entity's benefits Proportionality processes and inspection of corresponding source documentation files, it identified the following: Even though UNT documented procedures, accounting information, and screenshots within the source documentation file, there were not sufficient comments and/or notes embedded in the cells in the Section tabs explaining where information was obtained or what information was used for calculation. - UNT and UNTD did not utilize a &quot;Lead Workpaper&quot; tab within their source documentation files. This separate tab could be used to document all amounts and calculations related to the amounts recorded in the Section tabs as well as to embed notes and comments explaining the source of information in a clearer and more concise manner. - There was not an &quot;Information/Documentation Needed to Complete the APS 011 Form&quot; section within the source documentation files used by each entity of the UNT System. As a result, significant information relevant to completing the APS 011 Form (such as completion and review instructions, State information, and other information), was not formally documented for. Moderate</td>
<td>UNT and UNTD should implement a &quot;Lead Workpaper&quot; separate from the formal sections that would be used to detail source documentation and other important information. This workpaper could include the Method of Finance calculation, the Local Funds Adjustment calculation, and each benefits calculation.</td>
<td>NA</td>
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<td>Fiscal Year: 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System Benefits Proportionality</td>
<td>Internal Audit</td>
<td>UNT</td>
<td>Through review of the each entity’s Benefits Proportionality processes and inspection of corresponding source documentation files, IA identified the following:</td>
<td>Moderate</td>
<td>All entities within the UNT System should consider including a section for “Information/Documentation Needed to Complete the APS 011 Form.” It would be helpful to include the following:</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>PwC</td>
<td>Fiscal Year: 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT Dallas System Benefits Proportionality</td>
<td>Internal Audit</td>
<td>UNT Dallas</td>
<td>Through review of the each entity’s Benefits Proportionality processes and inspection of corresponding source documentation files, IA identified the following:</td>
<td>Moderate</td>
<td>All entities within the UNT System should consider including a section for “Information/Documentation Needed to Complete the APS 011 Form.” It would be helpful to include the following:</td>
<td>NA</td>
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<td>Internal (Co-Sourced)</td>
<td>PwC</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System Benefits Proportionality Internal Audit</td>
<td>UNTMSCC</td>
<td>Through review of the each entity’s Benefits Proportionality processes and inspection of corresponding source documentation files, IA identified the following: Even though UNT documented procedures, accounting information, and screenshots within the source documentation file, there were not sufficient comments and/or notes embedded in the cells in the Section tabs explaining where information was obtained or what information was used for calculation. UNT and UNTD did not utilize a “Lead Workpaper” tab within their source documentation files. This separate tab could be used to document all amounts and calculations related to the amounts recorded in the section tabs as well as to embed notes and comments explaining the source of information in a clearer and more concise manner. There was not an “Information/Documentation Needed to Complete the APS 011 Form” section within the source documentation files used by each entity of the UNT System. As a result, significant information relevant to completing the APS 011 Form (such as completion and review instructions, State information, et cetera) was not documented.</td>
<td>Moderate</td>
<td>All entities within the UNT System should consider including a section for “Information/Documentation Needed to Complete the APS 011 Form”. It would be helpful to include the following: - APS 011 Form and Instructions (FMX website) - Method of Finance (General Appropriations Act) - Applicable USAS Screens - Specific queries from PeopleSoft General Ledger - APS_Check report Instructions for uploading the completed form and performing internal reviews by the entity and the UNT System - Key contacts within the State and the UNT System - Other related and important documentation</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Internal (Co-Sourced)</td>
<td>PwC</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System Benefits Proportionality Internal Audit</td>
<td>UNT</td>
<td>Through review of processes related to Benefits Proportionality, IA identified that as part of APS 011 Form completion procedures, UNT and UNTD do not obtain an APS_Check Report from the ACO and compare the report information to the amounts used in the APS 011 Form. This APS_Check report includes the USAS expenses by benefit and appropriation. As such, UNT and UNTD were not performing a reconciliation comparing their recorded amounts to amounts provided by the State in order to ensure accuracy of the overall form.</td>
<td>Moderate</td>
<td>UNT and UNTD should obtain the APS_Check report from the assigned ACO and perform a reconciliation of UNT and UNTD amounts, respectively, to State amounts.</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
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<td>Internal (Co-Sourced)</td>
<td>PwC</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System Benefits Proportionality Internal Audit</td>
<td>UNT Dallas</td>
<td>Through review of processes related to Benefits Proportionality, IA identified that as part of APS 011 Form completion procedures, UNT and UNTD do not obtain an APS_Check Report from the ACO and compare the report information to the amounts used in the APS 011 Form. This APS_Check report includes the USAS expenses by benefit and appropriation. As such, UNT and UNTD were not performing a reconciliation comparing their recorded amounts to amounts provided by the State in order to ensure accuracy of the overall form.</td>
<td>Moderate</td>
<td>UNT and UNTD should obtain the APS_Check report from the assigned ACO and perform a reconciliation of UNT and UNTD amounts, respectively, to State amounts.</td>
<td>NA</td>
<td>NA</td>
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<td>Internal (Co-Sourced)</td>
<td>PwC</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System-Benefits Proportionality Internal Audit</td>
<td>UNT Dallas</td>
<td>Through review of processes related to Benefits Proportionality, it identified that as part of APS 011 Form completion procedures, HSC and UNTD were not periodically performing a &quot;mock completion&quot; of the APS 011 Form based on estimates and information obtained up to the date of the mock completion. To perform this procedure, an institution fills out a preliminary APS 011 Template, which assists them in tracking payments from the G11 and G11-O funds, as well as remaining balances to monitor what amounts may still be utilized. Additionally, completing the preliminary templates can provide opportunities for additional feedback and make the year-end process less time-consuming.</td>
<td>Moderate</td>
<td>UNT and HSC should establish a routine for periodically completing preliminary templates of the APS011 form and formally documenting the preliminary templates in source documentation files.</td>
<td>NA</td>
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<td>Internal (Co-Sourced)</td>
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<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>UNT System-Benefits Proportionality Internal Audit</td>
<td>UNTSSC</td>
<td>Through review of processes related to Benefits Proportionality, it identified that as part of APS 011 Form completion procedures, HSC and UNTD were not periodically performing a &quot;mock completion&quot; of the APS 011 Form based on estimates and information obtained up to the date of the mock completion. To perform this procedure, an institution fills out a preliminary APS 011 Template, which assists them in tracking payments from the G11 and G11-O funds, as well as remaining balances to monitor what amounts may still be utilized. Additionally, completing the preliminary templates can provide opportunities for additional feedback and make the year-end process less time-consuming.</td>
<td>Moderate</td>
<td>UNT and HSC should establish a routine for periodically completing preliminary templates of the APS011 form and formally documenting the preliminary templates in source documentation files.</td>
<td>NA</td>
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<td>Accreditation Council for Pharmacy Education</td>
<td>Fiscal Year 2016</td>
<td>Governance and Regulatory Compliance</td>
<td>Review for Pharmacy Education Accreditation</td>
<td>UNTSSC</td>
<td>Accreditation Council for Pharmacy Education</td>
<td>None</td>
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<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2017</td>
<td>Information Technology</td>
<td>IT Privacy and Data Protection</td>
<td>UNT System</td>
<td>Responsibility for IT Security is decentralized and communication concerning the responsibilities of each party should be strengthened.</td>
<td>High</td>
<td>Recommendations for ITSS: ITSS should utilize a communication framework detailing the responsibility for installation and maintenance of anti-virus and encryption software on laptops, as well as inventory of laptops, will be disseminated.</td>
<td>NA</td>
<td>Shared Services will utilize the following existing frameworks that address the recommendations of this observation: 4.1: The framework that establishes security responsibilities for the management of information resources, including laptops, which is defined and communicated online in the following resources: a. UNT System Information Security Policy 8.1000, Section 2.10.4.3.2. &quot;Information Security Structure&quot;; b. UNT System Information Security Policy 8.1000, Section 2.10.4.3.2. &quot;Information Security Roles&quot;; c. UNT System Information Security Handbook, Section 6.10.4.3.2. &quot;Information Security Structure&quot;; and d. Texas Administrative Code-Chapter 102 and ISO 27001 and ISO 27001; and e. UNT System Information Security Mandate-Mobile Device Encryption. 2. The UNT System Information Security Handbook, sections 10.4.1-10.4.4, and 12.4.2-12.4.2, which is available online and establishes requirements for management and installation of anti-virus and encryption software. 1. UNT and UNT System committees established to communicate campus related IT projects and issues, in addition to a newsletter that is used to communicate information technology, security, antivirus and encryption services issues to IT personnel across the UNT System and the Institutions. The UNT Committee is called the Technical</td>
<td>NA</td>
<td>NA</td>
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Charlotte Russell, Chief Information Security Officer | 3/01/2017 | Open |
<table>
<thead>
<tr>
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<th>Reporting Agency</th>
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<tr>
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<td>UNT System Internal Audit</td>
<td>Fiscal Year 2017</td>
<td>Information Technology</td>
<td>IT Privacy and Data Protection</td>
<td>UNT System</td>
<td>Responsibility for IT Security is decentralized and communication concerning the responsibilities of each party should be strengthened. ITSS establishes the policies for the UNT Enterprise concerning requirements for installing and maintaining anti-virus and encryption software on all laptops. It is then the responsibility of the IT Managers to communicate to the end users that they are responsible for maintaining anti-virus and encryption software on the laptops. The IT Managers do not follow procedures to ensure the software is installed, maintained and current. They do not receive directive communication from ITSS detailing accountability and responsibility for maintaining this software.</td>
<td>High</td>
<td>Recommendations for ITSS: ITSS may use an appropriate existing committee or create a new committee to communicate accountability and responsibility for security concerns, including anti-virus and encryption software maintenance. Such a committee should include representatives from across the University at all levels, not just IT personnel.</td>
<td>IT Shared Services will utilize the following existing frameworks that address the recommendations of this observation (#5): 1. The framework that establishes security responsibilities for the management of information resources, including laptops, which is defined and communicated online in the following resources: a. UNT System Information Security Regulation 6.1000, Section 6.1004(3), &quot;Information Security Structure&quot;; b. UNT System Information Security Policy 8.1000, Section 2, &quot;Information Security Roles&quot;; c. UNT System Information Security Handbook, Section 6, &quot;Information Security Structure&quot;; and d. Texas Administrative Code Chapter 202 and ISO 27001 and ISO 27002; and e. UNT System Information Security Mandate: Mobile Device Encryption. 2. The UNT System Information Security Handbook, sections 10.4.1-10.4.4, and 12.4.1-12.4.2, which is available online and establishes requirements for management and installation of anti-virus and encryption software. 3. UNT and UNT System committees established to communicate campus related IT projects and issues, in addition to a listserv that is used to communicate information technology, security, antivirus and encryption services issues to IT personnel across the UNT System and the Institutions. The UNT Committee is called the Technical</td>
<td>Charlotte Russell, Chief Information Security Officer</td>
<td>3/31/2017</td>
</tr>
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| Internal             | UNT System Internal Audit | Fiscal Year 2017 | Information Technology | IT Privacy and Data Protection | UNT System | Inventory list of laptops provided by Asset Management is not complete and accurate. Asset Management (AM) is responsible for maintaining an inventory of assets owned by the UNT Enterprise. This listing is maintained in EIS. AM obtained a list of laptops from asset management for UNT, UNTS, and UNTD, which contained 5488 entries. Listing from ePO provided to IA contained 3771 laptops for the entire UNT Enterprise. IA selected a random sample of 100 machines from the ePO report and attempted to find those machines in the asset management listing. Only 53 machines were found due to the asset management listing only sporadically including the machine name, the key field in ePO. Neither of the lists provided, from EIS or ePO, indicated the type of asset/machine. UNTD maintains an inventory list which contained 105 laptops, Asset Management's listing indicated 887 laptops assigned to UNTD. UAS does not maintain an independent inventory list of laptops purchased, and those assigned to CAS could not be identified in Asset Management's listing. | High | IA recommends Asset Management review their processes to ensure they result in an accurate laptop inventory across the Enterprise. IA should then conduct an audit of the Asset Management inventory process. IA recommends this occurs soon, as there are other UNT areas dependent on an accurate inventory. ITSS does not own AM, and AM was not the subject of this audit. IA is recommending an audit of the Asset Management process as a result of this audit. | NA | NA | NA |
## UNTS Enterprise Audit Report Inventory

<table>
<thead>
<tr>
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<th>Reporting Agency</th>
<th>Fiscal Year</th>
<th>Audit Category</th>
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<th>Recommendation Status</th>
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<td>IT Privacy and Data Protection</td>
<td>UNT System</td>
<td>Inventory listing of laptops from Asset Management and listing of laptops in ePO are not reconciled. A obtained a list of laptops from Asset Management pulled from UNTS, which contained 4688 entries for UNT, UNTS, and UNTD. 3771 laptops containing anti-virus software were found in ePO for the entire UNT Enterprise. IA selected a random sample of 100 machines from this ePO report and attempted to find those machines in the asset management listing. Only 53 machines were found due to the asset management listing only sporadically including the machine name, the key field in ePO.</td>
<td>High</td>
<td>Recommendation for ITSS: ITSS should develop and submit a policy requiring a periodic reconciliation of laptops in Asset Management inventory to the list of laptops in ePO. This will help determine if all required laptops are equipped with encryption and anti-virus software.</td>
<td>RI</td>
<td>3/31/2017</td>
<td>Open</td>
<td></td>
</tr>
</tbody>
</table>

<p>| Internal            | UNTS System      | Fiscal Year 2017 | Information Technology | IT Privacy and Data Protection | UNT System | Inventory listing of laptops from Asset Management and listing of laptops in ePO are not reconciled. A obtained a list of laptops from Asset Management pulled from UNTS, which contained 4688 entries for UNT, UNTS, and UNTD. 3771 laptops containing anti-virus software were found in ePO for the entire UNT Enterprise. IA selected a random sample of 100 machines from this ePO report and attempted to find those machines in the asset management listing. Only 53 machines were found due to the asset management listing only sporadically including the machine name, the key field in ePO. | High | Recommendation for IT Managers: IT Managers should develop a process to periodically reconcile the laptop asset management inventory with ePO in compliance with the new policy. | RI | 3/31/2017 | Open |</p>
<table>
<thead>
<tr>
<th>Internal / External</th>
<th>Reporting Agency</th>
<th>Fiscal Year</th>
<th>Audit Category</th>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
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<th>Expected Implementation Date</th>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2017</td>
<td>Information Technology</td>
<td>IT Privacy and Data Protection</td>
<td>UNT System</td>
<td>No follow-up for laptops not checking in.</td>
<td>High</td>
<td>Recommendations for ITSS:</td>
<td></td>
<td>3/31/2017</td>
<td>Open</td>
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<tr>
<td></td>
<td>Internal Audit</td>
<td>Fiscal Year 2017</td>
<td>Information Technology</td>
<td>IT Privacy and Data Protection</td>
<td>UNT System</td>
<td>No follow-up for laptops not checking in.</td>
<td>High</td>
<td>Recommendations for ITSS:</td>
<td></td>
<td>3/31/2017</td>
<td>Open</td>
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### UNTS Enterprise Audit Report Inventory

<table>
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<tr>
<th>Internal / External</th>
<th>Reporting Agency</th>
<th>Fiscal Year Report Issued</th>
<th>Audit Category</th>
<th>Compound Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
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<th>Individual Responsible for Implementation</th>
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<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2017</td>
<td>Information Technology</td>
<td>IT Privacy and Data Protection</td>
<td>UNT System: No follow-up for laptops not checking in. ITSS maintains the ePO system, supplying the McAfee tool for people building laptops to put anti-virus and encryption software on machines. ePO also updates these machines with the most recent software upgrades when the machines access the network, normally every 15 minutes. ITSS does not require follow-up on machines that have not checked in within a certain timeframe.</td>
<td>High</td>
<td>Recommendation for IT Managers: IT Managers should remove laptops from ePO that are surplused and no longer in use.</td>
<td>A communicated with CAS Assistant Dean for Information Technology Services, Tim Christian, regarding removing laptops from ePO that are surplused and no longer in use. He agreed to follow the policy set by ITSS.</td>
<td>Tim Christian, Assistant Dean for Information Technology Services</td>
<td>3/31/2017</td>
<td>Open</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2017</td>
<td>Information Technology</td>
<td>IT Privacy and Data Protection</td>
<td>UNT System: Use of the ePO tool is not required to install and monitor anti-virus and encryption software on laptops. While most IT Managers use the ePO agent to install anti-virus and encryption software on laptops, there is no requirement to do so. Installation of anti-virus and encryption software is required but use of a specific tool is not required.</td>
<td>Moderate</td>
<td>Recommendation for ITSS: ITSS should develop and submit a standard requiring all IT Managers use one tool to install anti-virus and encryption software on laptops during the build process.</td>
<td>Anti-virus software is deployed to devices in a variety of methods, including direct acquisition from anti-virus software vendors (e.g., McAfee), and also via ePolicy Orchestrator (ePO), a software management tool used by IT Shared Services to centrally manage the distribution of anti-virus and encryption software to institutionally owned devices, including laptops. Detection of the installation of anti-virus and encryption software can be done manually (by physically locating and assessing installation), or it can be done through the use of management tools such as ePO. ITSS will establish a standard requiring the use of the ITSS sanctioned anti-virus and encryption software distribution tool. In cases where a device is not capable of running a specific anti-virus or encryption software solution, a security exception will be considered if mitigating controls can be established to protect the respective device.</td>
<td>Charlotte Russell, Chief Information Security Officer</td>
<td>3/31/2017</td>
<td>Open</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2017</td>
<td>Information Technology</td>
<td>IT Privacy and Data Protection</td>
<td>UNT System: Standard for compliant and non-compliant anti-virus updates on laptops does not take into account last check-in date. The current definition of laptops being compliant with anti-virus definitions states they must be within three versions of the current DAT file version in ePO. New DAT files are released approximately daily. This definition does not take into account the last time that the laptop checked into the UNT network. Laptops may receive updates even though they have not been connected to the UNT network and checked in. Also, laptops may have the most current version of anti-virus software as of the last time they checked in. The current definition of compliance for laptop anti-virus does not take into consideration these situations.</td>
<td>Moderate</td>
<td>Recommendation for ITSS: ITSS should establish a new definition of when a laptop is considered compliant, taking into account when they last checked into the UNT network.</td>
<td>ITSS will update and document the conditions in which a laptop is considered compliant with the last check-in date requirement.</td>
<td>Charlotte Russell, Chief Information Security Officer</td>
<td>3/1/2017</td>
<td>Open</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2017</td>
<td>Governance and Regulatory Compliance</td>
<td>Selected Grants Review - National Science Foundation Audit</td>
<td>UNT: No findings/deficiencies.</td>
<td>NA</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>
### UNT System

#### Recommendations for the Vice President of Finance and Administration

1. **Intercollegiate Athletics Fee** - The UNT Intercollegiate Athletics Fee was increased $1 per semester credit hour (SCH) from $10/SCH to $11/SCH starting in the Spring of 2016 without a student general election conducted to approve the increase, which was not in compliance with the Texas Education Code Chapter 54 Section 54.5191. Therefore, this action resulted in the overbilling of students.

   - **Key Observations:**
     - The system-wide travel regulation, which will contain a section on international travel requiring registration for all individuals traveling internationally on University business, will need to be approved and implemented.
     - The RMS international travel registration mechanism will need to be approved and implemented.
     - Management may want to consider possible consequences for those individuals who do not comply with the international travel registration requirement in the system travel regulation.
     - Funding for future improvements and/or expansion of the international travel registration mechanism, if determined applicable, has not been obtained.
     - Need to update the UNT System Travel Guidelines and applicable travel procedures.

   - **Recommendation Details:**
     - **Recommendation for Vice Provost of the Toulouse Graduate School:** Consult with the Vice President for Finance and Administration to develop a policy specifying appropriate uses for the Graduate School application fee.
     - Historically the majority of the application fee was used to fund staff positions in the Toulouse Graduate School. Within the last six months the funding of these staff lines were adjusted to be that the staff directly responsible for application processing are paid from the application fee account. This is consistent with the intended use of the funds. In addition the residual funds will be directed toward processing of applications and the associated expenses. However, the application fee and the staff on that fee have moved under management and the Executive Director of Admissions about the need to continue the staff funding from the application fee account. In addition, with the transfer of the application fee account to the Executive Director of Admissions, the Toulouse Graduate School communicated the expected outcomes and recommendations of this audit to the Executive Director so that policy development can be fulfilled by the new account holder.

   - **Risk Level:** Moderate
   - **Management Response:** None
   - **Expected Implementation Date:** 11/30/2016
   - **Status:** Open

### UNT System

#### Governance and Regulatory Compliance

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
<th>Management Response</th>
<th>Individual Responsible for Implementation</th>
<th>Expected Implementation Date</th>
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</tr>
</thead>
</table>
| 2017        | Governance and Regulatory Compliance | Toulouse Graduate School | The Interim Dean of the Toulouse Graduate School, stated that application fees can be used for any purpose due to their flexibility, and the Interim Dean was not aware of any policies governing the use of application fees. The Interim Dean of the Toulouse Graduate School, stated that application fees can be used for any purpose due to their flexibility, and the Interim Dean was not aware of any policies governing the use of application fees. The Interim Dean of the Toulouse Graduate School, stated that application fees can be used for any purpose due to their flexibility, and the Interim Dean was not aware of any policies governing the use of application fees. The Interim Dean of the Toulouse Graduate School, stated that application fees can be used for any purpose due to their flexibility, and the Interim Dean was not aware of any policies governing the use of application fees. 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The Interim Dean of the Toulouse Graduate School, stated that application fees can be used for any purpose due to their flexibility, and the Interim Dean was not aware of any policies governing the use of application fees. | High | Recommendation for the Vice President of Finance and Administration and the Vice President for Admissions:

   - Coordinate with the Office of General Counsel to take appropriate actions to rectify the overbilling of students.

   - The fees for athletics were returned to $10 per head for the spring semester. The last appropriately authorized amounts prior to registration and fee payment for spring, 2017, the university will refund the extra $1 per hour collected for the two previous terms. All refunds will be made by November 30, 2016.

   - Rebecca Lohringer, Executive Director of Admissions

   - Bob Bowers, Vice President for Finance and Administration

   - 11/30/2016

   - Open
<table>
<thead>
<tr>
<th>Internal / External</th>
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<td>UNT System</td>
<td>Fiscal Year 2017</td>
<td>Governance and Regulatory Compliance</td>
<td>Business Fines Operations - Athletic Department</td>
<td>UNT</td>
<td>1. Intercollegiate Athletics Fee - The UNT Intercollegiate Athletics Fee was increased $1 per semester credit hour (SOC) from $10/SOC to $11/SOC starting in the Spring of 2016 without a student general election conducted to approve the increase, which was not in compliance with the Texas Education Code Chapter 54 Section 54.5191. Therefore, this action resulted in the overbilling of students.</td>
<td>High</td>
<td>Recommendations for the Vice President of Finance and Administration and the Vice President of Athletics: a. Identify and refund students who were charged extra fees as a result of non-compliance with the Texas Education Code Section 54.5191. b. Approve the increase, which was not in compliance with the Texas Education Code Section 54.5191.</td>
<td>Bill Brown, Vice President for Finance and Administration</td>
<td>11/30/2016</td>
<td>Span</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System</td>
<td>Fiscal Year 2017</td>
<td>Governance and Regulatory Compliance</td>
<td>Business Fines Operations - Athletic Department</td>
<td>UNT</td>
<td>1. Inadequate Safeguarding Measures - Safeguarding measures of blank check stock are not adequate. Specifically, the following were noted: • There is a small unsecured movable safe on a shelf in the custodian's office which includes blank pre-numbered checks and the safe combination of another safe located in Athletics administration. • There is no documentation listing the check numbers of the blank checks kept in safe. • The Athletic Department Working Fund maximum balance is $20,000, though the estimated potential amount needed during peak months is $5,000.</td>
<td>High</td>
<td>Recommendations for Assistant Athletic Director, Business Operations: a. Obtain a larger unmovable safe.</td>
<td>Bill Bradfield, Assistant Athletic Director</td>
<td>2/1/2017</td>
<td>Span</td>
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<td>Internal</td>
<td>UNT System</td>
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<td>High</td>
<td>Recommendations for Assistant Athletic Director, Business Operations: a. Maintain a listing of check numbers for the blank check stock that is kept secured in the safe.</td>
<td>Bill Bradfield, Assistant Athletic Director</td>
<td>2/1/2017</td>
<td>Span</td>
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<td>UNT System</td>
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<td>High</td>
<td>Recommendations for Assistant Athletic Director, Business Operations: a. Reduce the working fund balance of the Athletic Department Working Fund to a lower amount which will still meet the needs of the department.</td>
<td>Bill Bradfield, Assistant Athletic Director</td>
<td>2/1/2017</td>
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<td>Fiscal Year 2017</td>
<td>Governance and Regulatory Compliance</td>
<td>Business Process Operations - Athletic Department</td>
<td>UNT</td>
<td>Parking Revenue - Testing of parking revenue identified the following:</td>
<td>High</td>
<td>Recommendations for Senior Associate Athletic Director, Business Operations: a. Develop procedures to help ensure that funds are appropriately accounted for, reconciled and deposited timely.</td>
<td>The Department of Athletics agrees with the recommendations.</td>
<td>Pilar Bradfield, Assistant Athletic Director</td>
<td>11/1/2016</td>
<td>Open</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year 2017</td>
<td>Governance and Regulatory Compliance</td>
<td>Business Process Operations - Athletic Department</td>
<td>UNT</td>
<td>Parking Revenue - Testing of parking revenue identified the following:</td>
<td>High</td>
<td>Recommendations for Senior Associate Athletic Director, Business Operations: b. Train pertinent UNT personnel on the parking procedures expected to be developed.</td>
<td>The Department of Athletics agrees with the recommendations.</td>
<td>Pilar Bradfield, Assistant Athletic Director</td>
<td>11/1/2016</td>
<td>Open</td>
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<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year: 2017</td>
<td>Governance and Regulatory Compliance</td>
<td>Business Process Operations - Athletic Department</td>
<td>UNT</td>
<td>1. Parking Revenue - Testing of parking revenue identified the following: Parking reconciliation reports had material differences between expected receipts and actual monies deposited to Student Accounting and University Cashiering Services. In detail, parking payments from four football games identified a shortage of $558.00, $515.00, $366.00, and an overage of $140.00.</td>
<td>High</td>
<td>Recommendations for Senior Associate Athletic Director, Business Operations: c. Ensure adequate documentation is notated when there is an overage/shortage.</td>
<td>The Department of Athletics agrees with the recommendations.</td>
<td>Procedures related to the parking funds will be formally documented.</td>
<td>11/1/2016</td>
<td>Open</td>
</tr>
<tr>
<td>Internal</td>
<td>UNT System Internal Audit</td>
<td>Fiscal Year: 2017</td>
<td>Governance and Regulatory Compliance</td>
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<td>1. Parking Revenue - Testing of parking revenue identified the following: Parking reconciliation reports had material differences between expected receipts and actual monies deposited to Student Accounting and University Cashiering Services. In detail, parking payments from four football games identified a shortage of $558.00, $515.00, $366.00, and an overage of $140.00.</td>
<td>High</td>
<td>Recommendations for Senior Associate Athletic Director, Business Operations: d. Monitor until sustained compliance is achieved.</td>
<td>The Department of Athletics agrees with the recommendations.</td>
<td>Procedures related to the parking funds will be formally documented.</td>
<td>11/1/2016</td>
<td>Open</td>
</tr>
</tbody>
</table>
**UNTS Enterprise Audit Report Inventory**

**Internal / External**  
internal

**Reporting Agency**  
UNTS System

**Fiscal Year**  
2017

**Report Name**  
Internal Audit - UNT System

**Component Institution**  
Operations - Athletic Department

**Key Observations**

- Funds were received from July 1, 2015; and subsequently, deposited by SAUCS on August 23, 2015 (total amount of $4,011.00) from concessions; however, these funds were not provided to SAUCS for deposit until September 25, 2015,
- Funds were received from November 18, 2015. (total amount of $4,100.00) for parking; however, these funds were not provided to SAUCS for deposit until October 26, 2015 and subsequently, deposited by SAUCS into the bank on November 17, 2015,
- Funds were received on October 19, 2015 (total amount of $6,334.00) for parking; however, these funds were not provided to SAUCS for deposit until November 17, 2015; and subsequently, deposited by SAUCS into the bank on November 18, 2015.
- Funds were received from November 23 – 25, 2015 (total amount of $4,011.00) from concessions; however, these funds were not provided to SAUCS for deposit until December 5, 2015.
- Funds were received on October 31, 2015 (total amount of $6,134.00) for parking; however, these funds were not provided to SAUCS for deposit until November 17, 2015; and subsequently, deposited by SAUCS into the bank on November 18, 2015.
- Funds were received from November 23 – 25, 2015 (total amount of $4,011.00) from concessions; however, these funds were not provided to SAUCS for deposit until December 5, 2015; and subsequently, deposited by SAUCS into the bank on December 1, 2015.
- Funds were received from July 5 – 17, 2016 (total amount of $12,592.00) for parking; however, these funds were not provided to SAUCS for deposit until September 25, 2016; and subsequently, deposited by SAUCS into the bank on December 1, 2016.

**Risk Level**  
Moderate

**Recommendation Details**

- Recommendations for the Senior Associate Athletic Director, Business Operations:
  1. Re-educate applicable personnel on cash handling policy requirements.

**Management Response**

- The Department of Athletics Agrees with the recommendations.
  - The Business Process Trainer-UNT Finance and Administration will conduct cash handling training on a regular basis to Athletics staff whose responsibilities include the use of cash.
  - Athletics has scheduled a meeting with UNTS Financial Services on October 18, 2016 to determine the best options to deposit checks and cash.
  - The Athletic Department Business Office will perform periodic reviews to ensure funds are being deposited timely.

**Individual Responsible for Implementation**  
Pilar Bradfield, Assistant Athletic Director

**Expected Implementation Date**  
8/1/2017

**Status**  
Open
### UNT System Internal Audit

#### Fiscal Year: 2017

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
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<tbody>
<tr>
<td>UNT System Internal Audit</td>
<td>Governance and Regulatory Compliance</td>
<td>Business Process Operations - Athletic Department</td>
<td>UNT</td>
<td>4. Deposit of Funds: Testing identified that funds are not delivered timely to the UNT Student Accounting and University Cashiering Services (SAUCS) within five days in accordance with the UNT Policy 10.024. Additionally, funds are not deposited timely within seven days after received by the institution in accordance with the Texas Education Code §51.003. In detail, the following were noted:</td>
<td>Moderate</td>
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<td></td>
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<td>c. Coordinate with UNTS Financial Services to determine best options with regards to the deposit of cash and checks (i.e. lockbox, desktop check scanner, and secure safe) to meet UNT Policy 10.006 and Texas Education Code §51.003 deposit requirements.</td>
<td>The Department of Athletics Agrees with the recommendations.</td>
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<td></td>
<td>d. Evaluate the current requirements for the cash handling policy to ensure the funds received from other departments within five days is sufficient to meet the Texas Education Code deposit requirement of seven days.</td>
<td>The Business Process Trainer-UNT Finance and Administration will conduct cash handling training on a regular basis to Athletics staff whose responsibilities include the use of cash.</td>
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<td>The Department of Athletics Agrees with the recommendations.</td>
<td>The Athletic Department Business Office will perform periodic reviews to ensure funds are being deposited timely.</td>
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<td>8/1/2017</td>
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</tr>
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### UNT System Internal Audit

#### Fiscal Year: 2017

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
<th>Recommendation Details</th>
<th>Management Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNT System Internal Audit</td>
<td>Governance and Regulatory Compliance</td>
<td>Business Process Operations - Athletic Department</td>
<td>UNT</td>
<td>4. Deposit of Funds: Testing identified that funds are not delivered timely to the UNT Student Accounting and University Cashiering Services (SAUCS) within five days in accordance with the UNT Policy 10.024. Additionally, funds are not deposited timely within seven days after received by the institution in accordance with the Texas Education Code §51.003. In detail, the following were noted:</td>
<td>Moderate</td>
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<td>----------------------------------</td>
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</tr>
<tr>
<td><em>Recommendations for the Director of Financial Services</em> – Student Finance:</td>
<td>• If a policy change is made regarding deposit requirements, communicates this information to all pertinent departments that receive money.</td>
</tr>
<tr>
<td></td>
<td>• Athletics will work with sports camp directors to ensure that all sports camp employees complete the required sexual abuse and child maltreatment awareness training prior to the start of the sports camp.</td>
</tr>
<tr>
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<td>• Athletics will work with risk management to establish risk management protocol and employees are informed that background checks are conducted for all sports camp workers prior to the start of the sports camp.</td>
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**Internal Audit**

**UNTS System Internal Audit**

**Fiscal Year 2017**

**Governing and Regulatory Compliance**

**Business Process Operations – Athletic Department**

**UNT**

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<td>The Department of Athletics agrees with the recommendations.</td>
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<td>October 17, 2017</td>
<td>• Funds were received on October 17, 2017 (total amount of $1,600.00) for parking; however, these funds were not provided to SAUCS for deposit until October 26, 2017 and subsequently, deposited by SAUCS into the bank on September 29, 2016.</td>
<td>The Department of Athletics agrees with the recommendations.</td>
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<td>October 31, 2016</td>
<td>• Funds were received on October 31, 2016 (total amount of $3,314.00) for parking; however, these funds were not provided to SAUCS for deposit until November 17, 2016, and subsequently, deposited by SAUCS into the bank on November 16, 2015.</td>
<td>The Department of Athletics agrees with the recommendations.</td>
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<td>• Funds were not provided to SAUCS for deposit until December 1, 2016, and subsequently, deposited by SAUCS into the bank on December 3, 2015.</td>
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**UNTS System Internal Audit**

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### Key Observations
- **Recommendation Details**
- **Management Response**
- **Individual Responsible for Implementation**
- **Expected Implementation Date**
- **Recommendation Status**

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<th>Internal</th>
<th>UNT System Internal Audit</th>
<th>Fiscal Year</th>
<th>Audit Category</th>
<th>Component Institution</th>
<th>Key Observations</th>
<th>Risk Level</th>
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<th>Management Response</th>
<th>Individual Responsible for Implementation</th>
<th>Expected Implementation Date</th>
<th>Recommendation Status</th>
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| Internal | UNT System Internal Audit | Fiscal Year 2017 | Governance and Regulatory Compliance | President’s Expenditure Review | Personally Identifiable Information - During our review of travel, business and entertainment reimbursement support documentation in Enterprise Information System and/or ImageNow, we noted Personally Identifiable Information was not redacted prior to upload in the system. In detail the following was noted:

- 15 out of 30 (50%) invoices reviewed had personal checks with checking account numbers not redacted.
- 3 out of 30 (10%) invoices reviewed had credit card statements with credit card numbers not redacted. | Moderate | To be updated | To be updated | Open |
Title: UNT System Consolidated Annual Compliance Report, September 2015 through August 2016

Background:

This report represents the compliance actions for the University of North Texas System Administration, University of North Texas, University of North Texas Health Science Center and the University of North Texas at Dallas from September 1, 2015 through August 31, 2016. Regular reporting of compliance actions to the UNT System Board of Regents is required by the United States Sentencing Commission’s Federal Guidelines §8B2.1(b)(2)(A).

This annual report has been consolidated to reflect the compliance actions for all UNT System components. This report reflects the actions that management and each compliance function has taken to manage their highest risks.

Financial Analysis/History:

This is a report item only.

Legal Review:

This item has been reviewed by General Counsel.

Schedule: N/A

No action required. Information only. Submitted by:

Steven A. Hill I

UNT System Compliance Officer

Tracy C. Grunig

Chief Audit Executive

Lee Jackson

Chancellor

Janet Waldron

Vice Chancellor for Finance

Nancy S. Footer

Vice Chancellor/General Counsel
Attachments Filed Electronically:

- UNT System Consolidated Annual Compliance Report, September 2015 through August 2016
Section I. Organizational Actions

There were no significant organizational actions that affected the Compliance program for this fourth quarter reporting period (June 1 through August 31, 2016).

Section II. Compliance Risks

The following information represents the status of the University of North Texas System fiscal year 2016 Compliance Risks and management's efforts to implement adequate controls for the risks indicated, each risk's impact (severity) and probability (frequency) valuation, and the on-going risk mitigation strategy for each risk. The following information is provided to enhance the UNT System Board of Regent's ability to meet its compliance oversight responsibilities.

Chart #1: Reflects UNT System’s “Compliance” (Statutory) Risks. This chart reflects the impact and probability of each risk and the on-going risk reduction effort that has been adopted to manage each risk.
Chart #1. UNT System - Compliance (Statutory) Risks

Highest risks appear in the top right corner of the chart.

Blue lettering indicates a risk that may be monitored permanently based on the nature of the risk, even with adequate controls in place.

UNT System Annual Compliance Report
### Figure # 1.

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<tr>
<th>Mitigate &amp; Control (Lessens risk, sets standards, measures performance, and takes corrective action)</th>
<th>Requires quarterly compliance reviews by System and/or Institutional Compliance and reporting to the Board.</th>
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<td>Share (Adequate controls in place, continued monitoring and reporting is required)</td>
<td>Requires quarterly monitoring and reporting.</td>
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<tr>
<td>Transfer (Adequate controls in place, but not a controlled risk)</td>
<td>Transfer of monitoring responsibility from System and/or Institutional Compliance to campus management.</td>
</tr>
<tr>
<td>Accept</td>
<td>It appears that all actions have been taken to resolve this risk, with monitoring and reporting reduced from quarterly to annually or every two years depending on the nature of the risk.</td>
</tr>
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**Chart #2:** Reflects the same UNT System “Compliance” (Statutory) risks as the previous chart, but reflects the status of management’s efforts to appropriately address each risk along with a summary of the specific on-going risk reduction effort still required.

The three categories reflected in the arrow chart below are defined as:

- **Opportunity for Enhancement** indicates there are opportunities to enhance the controls in place for risks in this category, which will continue the quarterly Compliance monitoring and reporting process.

- **Acceptable** presents two options, both options indicate that adequate controls are in place, however, **Share** recommends that quarterly Compliance monitoring and reporting continue and **Transfer** recommends that quarterly Compliance monitoring could be transferred to management for completion.

- **Optimal** indicates that this risk is now considered to be a Controlled risk, which means that all controls appear to be in place for this risk and monitoring could be reduced from quarterly to annually or every two years, depending on the nature of the risk to ensure that adequate controls remain in place.
Risk reduction effort appears immediately below the arrow directly under the risk.

Highest risks appear on the right side of the red arrow.

Blue lettering indicates a risk that may be monitored permanently based on the nature of the risk, even with adequate controls in place.

Section III. Compliance Awareness and Ethics Training

System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its PowerPoint Compliance Awareness Training into web-based training. S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.

UNT System Annual Compliance Report
**Section IV. Confidential and Other Complaint/Concern Reporting for UNT System**

UNT System maintains a web-based Compliance Hotline reporting system that allows anonymous and confidential reporting as required by the U.S. Sentencing Guidelines. System and Institutional Compliance also receives complaints by telephone, email, appointment, and walk-ins.

- An analysis of the **five (5) reports (4 hotline and 1 walk-in)** received during the **fourth quarter** by UNT System revealed the following breakdown of complaints:
  
  - There were **two (2) hotline reports** where no information was provided. These reports were closed upon receipt.
  
  - There was **one (1) hotline report** pertaining to an **alleged hiring issue**. This report was addressed by Institutional Compliance.
  
  - There was **one (1) hotline report** pertaining to an **alleged discriminatory practice**. Additional information was requested by Institutional Compliance.
  
  - There was **one (1) walk-in report received** pertaining to an **alleged Conflict of Interest**. This report is being addressed by Internal Audit.

There were **thirty-two (32) reports** received by UNT System during **fiscal year 2016** as compared to **twenty-five (25) reports** during **fiscal year 2015** and are summarized below:

![Pie chart showing the breakdown of complaints]

UNT System Annual Compliance Report
Section I. Organizational Actions

There were no significant organizational actions that affected the Compliance program for this fourth quarter reporting period (June 1 through August 31, 2016).

Section II. Compliance Risks

The following information represents the status of the University of North Texas fiscal year 2016 Compliance Risks and management’s efforts to implement adequate controls for the risks indicated, each risk’s impact (severity) and probability (frequency) valuation, and the on-going risk mitigation strategy for each risk. The following information is provided to enhance the UNT System Board of Regent’s ability to meet its compliance oversight responsibilities.

Chart #3: reflects UNT’s “Compliance” (Statutory) Risks. This chart reflects the impact and probability of each risk and the on-going risk reduction effort that has been adopted to manage each risk.
Highest risks appear in the top right corner of the chart.

Blue lettering indicates a risk that may be monitored permanently based on the nature of the risk, even with adequate controls in place.

UNT Annual Compliance Report
### Figure #3.

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<td>Accept</td>
<td>It appears that all actions have been taken to resolve this risk, with monitoring and reporting reduced from quarterly to annually or every two years depending on the nature of the risk.</td>
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**Chart #4:** Reflects the same UNT “Compliance” (Statutory) risks as the previous chart, but reflects the status of management’s efforts to appropriately address each risk along with a summary of the specific on-going risk reduction effort still required.

The three categories reflected in the arrow chart below are defined as:

- **Opportunity for Enhancement** indicates there are opportunities to enhance the controls in place for risks in this category, which will continue the quarterly Compliance monitoring and reporting process.

- **Acceptable** presents two options, both options indicate that adequate controls are in place, however, **Share** recommends that quarterly Compliance monitoring and reporting continue and **Transfer** recommends that quarterly Compliance monitoring could be transferred to management for completion.

- **Optimal** indicates that this risk is now considered to be a Controlled risk, which means that all controls appear to be in place for this risk and monitoring could be reduced from quarterly to annually or every two years, depending on the nature of the risk to ensure that adequate controls remain in place.
Risk reduction effort appears immediately below the arrow directly under the risk.

Highest risks appear on the right side of the red arrow.

Blue lettering indicates a risk that may be monitored permanently based on the nature of the risk, even with adequate controls in place.
**Chart # 5:** Reflects the remaining UNT “Compliance” (Statutory) risks. This chart reflects the impact and probability of each risk and the on-going risk reduction effort that has been adopted to manage each risk.

**UNT - Compliance (Statutory) Risks (Continued)**

Highest risks appear in the top right corner of the chart.

UNT Annual Compliance Report
Figure #5.

| Mitigate & Control (Lessens risk, sets standards, measures performance, and takes corrective action) | Requires quarterly compliance reviews by System and/or Institutional Compliance and reporting to the Board. |
| Share (Adequate controls in place, continued monitoring and reporting is required) | Requires quarterly monitoring and reporting. |
| Transfer (Adequate controls in place, but not a controlled risk) | Transfer of monitoring responsibility from System and/or Institutional Compliance to campus management. |
| Accept | It appears that all actions have been taken to resolve this risk, with monitoring and reporting reduced from quarterly to annually or every two years depending on the nature of the risk. |

**Chart #6:** Reflects the same UNT “Compliance” (Statutory) risks as the previous chart, but reflects the status of management’s efforts to appropriately address each risk along with a summary of the specific on-going risk reduction effort still required.

The three categories reflected in the arrow chart below are defined as:

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**Optimal** indicates that this risk is now considered to be a Controlled risk, which means that all controls appear to be in place for this risk and monitoring could be reduced from quarterly to annually or every two years, depending on the nature of the risk to ensure that adequate controls remain in place.
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System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its PowerPoint Compliance Awareness Training into web-based training. S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.

UNT Annual Compliance Report
Section IV. Confidential and Other Complaint/Concern Reporting

UNT maintains a web-based Compliance Hotline reporting system that allows anonymous and confidential reporting as required by the U.S. Sentencing Guidelines. System and Institutional Compliance also receives complaints by telephone, email, appointment, and walk-ins.

- An analysis of the six (6) reports received during the fourth quarter by UNT revealed the following breakdown of complaints:
  
  - There was two (2) hotline reports received with no complaint information provided. These reports were closed upon receipt.
  
  - There was one (1) hotline report received alleging the reckless driving of a state vehicle. This report was addressed by management.
  
  - There was one (1) hotline report received alleging inappropriate management behavior. The complainant was advised to use their chain-of-command.
  
  - There was one (1) hotline report received alleging a payroll issue existed. This report was addressed by Institutional Compliance.
  
  - There was one (1) hotline report received alleging a dining facility sanitary issue existed. This report was addressed by Risk Management Services.

There were a total of twenty (20) reports received by UNT during fiscal year 2016 as compared to twenty (20) reports during fiscal year 2015 and are summarized below:
Section I. Organizational Actions

There have been significant changes in staffing in the Office of Institutional Compliance. The Chief Compliance and ERM Officer’s last day at UNTHSC was September 2, 2016. The Senior Compliance Manager resigned on May 31, 2016. Two employees who provided monitoring and auditing services to UNTHealth transferred to a different UNTHSC dept. in June, 2016. An Interim Chief Compliance and ERM Officer assumed responsibilities on September 1, 2016 and is expected to lead the department until a permanent replacement is hired.

Section II. Risk Assessment Monitoring Activities Conducted by Individual Compliance Divisions

The Institutional Compliance Office receives quarterly reports from the Compliance Divisions on all low, medium and high risks identified during the fiscal year 2015-16 risk assessment. The Fourth Quarter actions taken by the UNT Health Science Center (UNTHSC) to address the UNTHSC Compliance high risks are below:

High-Risk #1: Billing and Coding in Compliance with State and Federal Law (Clinical Division)

Description: Review of sample medical records of Medicare and Medicaid patients to confirm that the documentation supports the bill.

Action Taken by Management:

- UNT Health performed internal reviews and provided education for medical billing and documentation audits for many years. That process was continued through the first half of fiscal year 2016. After an assessment of the resources available and the needs of the organization, a decision was made that the audit function for billing and coding will be contracted to an outside vendor. Management is in the process of developing a bid packet that will be processed through Purchasing. A vendor contract is expected by the end of the calendar year. Contracting with an outside vendor for this service will provide more depth of knowledge, better stability in the process, and access to a higher level of billing/coding education for the providers. (Updated this quarter)

High-Risk #2: Unauthorized Access to Protected Institutional Data/HIPAA Privacy and Security (Information Resources Technology Division)

Description: UNTHSC monitors actions taken to protect and prevent unauthorized access to Institutional Data and Protected Health Information (“PHI”), including data within UNTHSC’s information technology systems.

Action Taken by Management:

- Institutional Laptop Encryption Project – The laptop encryption rollout efforts are currently ongoing.
  - Approximately 59% of UNTHSC issued laptops (total = 1,527) have been encrypted. ITS leadership is currently evaluating the remaining inventory and complexities involved to establish a realistic target date for completion of the encryption project. (Updated this quarter)
Review of Office 365 OneDrive Security - The UNTHSC ITS Department, working with UNT System IT Shared Services, is performing a security evaluation of the Microsoft Office 365 OneDrive product as a possible enterprise solution for institutional file storage and sharing.

- The existing product and available feature set is not ready for UNTHSC enterprise-wide rollout due to mobile security related risks and the inability to prevent downloading of Institutional data to employee personal and/or unmanaged, untrusted devices. Additional security features are available within the Microsoft eco-system to mitigate and/or control these risks. However, these controls are not available to UNT customers due to licensing thresholds that have been exceeded across the System. UNT System IT Shared Services (ITSS) has been attempting to bring down these licensing thresholds to acceptable levels in order for these security controls to be made available. ITSS is aware of the (high) priority and impact of this item to UNTHSC. (updated this quarter)

Mobile Device Security Enhancements - This project involves the discovery, evaluation and piloting of a mobile device management solution that can be deployed to protect Institutional data that is downloaded to faculty/staff personal mobile devices.

- Based on discovery work that ITS (UNTHSC) and ITSS (UNT System) have collaborated on the mobile device management options available within the Microsoft Office 365 suite of products looks to offer a viable solution for controlling the risk of mobile devices for conducting UNTHSC business. However, these controls are not available to UNT customers due to licensing thresholds that have been exceeded across the System. UNT System IT Shared Services (ITSS) has been attempting to bring down these licensing thresholds to acceptable levels in order for these security controls to be made available. ITSS is aware of the (high) priority and impact of this item to UNTHSC. (Updated this quarter)

Enterprise Encrypted Messaging - While stand-alone encrypted messaging products such as TigerText and Accellion are currently in use by specific departments at UNTHSC, an enterprise-wide solution would be more ideal. Project scope includes the discovery, evaluation and roll out of an enterprise secure messaging solution for UNTHSC.

- Microsoft Message Encryption was rolled out to the entire campus in the Spring of 2016. (Updated this quarter)

Security Review of Enterprise Web Forms – A risk assessment and security review of existing UNTHSC web forms publishing technologies and associated customer workflow are currently in the beginning stages. Estimated completion date of the risk assessment was June 30, 2016. This effort aims to identify current risks and possible mitigation actions for additional controls that should be implemented.

A “sweep” of web forms within the primary platforms was done. ITSS met with two groups of stakeholders (departments) in order to remediate two sets of web-forms that were collecting problematic data. Following a priority discussion ITSS believes current resources should be used to retire a legacy web platform (Coldfusion-based) which carries a higher risk. The Office of Digital Outreach and Web Services is the custodian for most of what is under discussion. ITSS is collaborating with them to complete these items. (Updated this quarter)

The following activities capture ongoing risk management efforts that are built into the UNTHSC IT Security Program:

UNTHSC Annual Compliance Report
Training classes and new employee orientations include computer policies and security awareness training. “Refresher” training is delivered to existing staff on an annual basis. Compliance rate for most recently concluded “refresher” training is 100%.

- Password security policies electronically enforced including use of strong passwords and changing passwords every 12 months.
- Windows server 2003 (legacy platform) retirement – In progress
- New Intrusion Detection System implementation – In progress

**Action Taken by Compliance:**

- The Institutional Compliance Office works closely with the Director of Infrastructure and Security to provide support for compliance activities as needed and is responsible for UNTHSC HIPAA training. The Office of Institutional Compliance monitors access to the UNTHealth electronic medical record to confirm access is appropriate based upon role of user.

**High-Risk #3: Non-Compliance with Center for Medicaid and Medicare Services (“CMS”) 1115 Waiver Requirements (Strategy Division)**

**Description:** The CMS 1115 waiver projects are Medicaid incentive payment programs designed to improve access to and quality of medical care for Medicaid and indigent patients. Incentive payments are awarded based upon meeting target results of selected quality measures. UNTHSC monitors compliance with 1115 waiver requirements.

**Action Taken by Management:**

- An 1115 Waiver Steering Committee has been formed and meets on a quarterly basis to discuss any potential compliance issues with CMS and/or the Texas Health and Human Services Commission (“HHSC”). The 1115 Waiver management team also meets with the project leads, the Office of Grants and Contracts, clinical operations personnel and the Offices of Institutional Compliance and Quality and Risk Management on a regular basis to build awareness and discuss potential compliance issues before they arise.

- The 1115 Waiver management team is working with a consultant to complete internal audits of patient outcome data in order to minimize risks and potential issues. As part of HHSC’s on-going quality control efforts, UNTHSC has received additional audit requests for six of the seven demonstration projects from the same firm that conducted previous audits. Audit findings required revisions to our end of year report but the revisions did not impact the overall outcomes of “Meet/Did Not Meet” metric requirements for payment. Similar audits are expected in the future due to the nature of the 1115 Waiver. (Updated this quarter)

  - UNTHSC timely submitted measurement data to the Texas HHSC.

**Action Taken by Compliance:**

- The Institutional Compliance Office works closely with the Executive Director of Strategic Alignment to provide support for compliance activities as needed. The Chief Compliance and Enterprise Risk Management Officer is involved in key meetings and reviews and signs off on the data submitted to HHSC.
High-Risk #4: Title IX Compliance (Student Affairs Division) (This risk will be reduced to “Medium” for the next FY.)

- **Description:** Title IX of the U.S. Education Amendments of 1972 protects people from discrimination based upon sex in education programs or activities that receive financial assistance. UNTHSC monitors compliance with Title IX requirements. *This risk has been lowered from High to Medium due to the mitigation actions taken during the first and second quarters.

**Action Taken by Management:**

- The UNT Health Science Center has designated Dr. Trisha Van Duser as the Campus Title IX Coordinator. Dr. Van Duser and eight other members of the Division of Student Affairs have attended Title IX Investigator Training and Title IX Coordinator Training in October 2015, December 2015, January 2016, and February 2016. Dr. Van Duser has also updated our Student Code of Conduct, Sexual Harassment, and Consensual Relationship policies to reflect changes in the law based on Title IX. Student Conduct and Title IX investigations are now separated and function independently to avoid any perceived conflicts of interest.

- On-going Title IX training is required of all faculty, staff and students.

**Action Taken by Compliance:**

- The Institutional Compliance Office works closely with the Vice President of Student Affairs to provide support for compliance activities as needed. The Institutional Compliance Office assisted Student Affairs in developing Title IX training.

High-Risk #5: Distance Education (Academic Affairs Division)

- **Description:** Distance Education is highly regulated by state and federal law. UNTHSC monitors compliance with regulatory requirements.

**Action Taken by Management:**

- The Distance Education Course Development and Release Procedures Policy addressing distance education (DE) at UNTHSC was approved January 20, 2016. According to that policy, faculty planning to offer DE towards a degree or certificate awarded through the UNTHSC must obtain approval to do so through the University’s Distance Education Committee (DEC).

- The UNTHSC will adhere to rules and notification procedures established by the Texas Higher Education Coordinating Board (THECB) for the conduct and approval of distance education including the THECB Principles of Good Practice for Academic Degree and Certificate Programs and Credit Courses Offered Electronically and Approval of Distance Education, including Off-Campus Course and Programs.

- The DEC and the Center for Innovative Learning (CIL) work with faculty from the five colleges/schools at UNTHSC to assure that curriculum and instruction provided through distance education are appropriate to the requirements listed above. In addition, course and instructional activities are required to be appropriately evaluated for educational effectiveness, including assessments of student learning outcomes, student retention, and student satisfaction.
• Access to DE materials is restricted to properly enrolled students who possess a unique login identifier which has been assigned to them by the UNTHSC. Login identifiers shall only be provided to students who have been properly registered and who have been approved to participate in online courses by the respective academic school/program.

  o All requests to deliver DE materials for academic credit must be routed through the CIL for review and ultimately through the DEC for approval.

  o To date, no internal or external audits have been conducted. In February 2016, UNTHSC was approved as an institutional member of the National Council for State Authorization Reciprocity Agreements (NC-SARA).

  o As of September 2016, the DEC has completed review and approval of 66% of DE courses offered online by UNTHSC. The review process continues. (Updated this quarter)

**Action Taken by Compliance:**

• The Institutional Compliance Office works closely with the Interim Director of Center for Innovative Learning to provide support for compliance activities as needed.

**High-Risk #6: Human Resources (“HR”) Policy Project (This risk will be reduced to “Medium” for the next FY.)**

*Description:* UNTHSC HR campus policies are undergoing review and revision to support and outline HR best practices. UNTHSC monitors status of HR’s policy project.

**Action Taken by Management:**

• Human Resources had a total of fifty-two (52) policies that needed review. (Updated this quarter)

• Human Resources has reviewed and updated fourteen (14) policies. They have been submitted to the Office of General Counsel and are waiting for approval. Eight (8) policies have been reviewed and recommended to the Office of General Counsel for removal. Two (2) new policies have been submitted for approval. (Updated this quarter)

**Action Taken by Compliance:**

• The Institutional Compliance Office works closely with the Director of Human Resources and the Assistant Director of Policy and Records Management to provide support for compliance activities as needed.

**High-Risk #7: Time and Effort Reporting (Research Grants and Contracts)**

*Description:* Time and Effort Reporting certification is required to substantiate salaries and benefits charged to sponsored grants and research by UNTHSC. UNTHSC monitors compliance with regulatory requirements. (NOTE: This risk has been elevated from “Medium” to “High”.)

**Action Taken by Management:**

• UNTHSC is working with the Office of General Counsel (“OGC”) to address discrepancies in time and effort reporting.
The Office of Grants and Contracts Management ("OGCM") has established comprehensive, annual mandatory sponsored project compliance training for key employees involved in any aspect of research. OGCM will continue to provide mandatory one-on-one training on federal and state regulatory requirements, specific sponsor processes, terms and conditions, and refresher training on roles and responsibilities for specific awards prior to approving a sponsored project.

OGCM established a monthly meeting to train Department Administrators on policies and processes governing sponsored projects.

OGCM established Project Initiation Meetings (PIMs) for PIs and Department Administrators. A procedure and form was developed to steer the meetings. The PI and Department Administrator are required to attend this meeting in order to get a Project Identification number that allows them to initiate expenditures on the project. Meetings are scheduled upon receipt of a new or continuation award.

OGCM, under the direction of the OGC and in conjunction with Deloitte, performed a probe audit on a sample of federal and state awards to review for time and effort reporting compliance. Ongoing monitoring will occur going forward on a semi-annual basis.

OGCM defined actions that can be taken for non-compliance with research policies and procedures, including (1) barring employees from submitting proposals, (2) reducing or eliminating Facilities and Administration returns, and (3) freezing one or all active projects.

OGCM is continuing to work with ITSS to develop IT functionality to increase the efficiency of monitoring, reviewing, and collecting of time and effort reports.

The Effort Reporting Process was selected as a Continuous Improvement project by UNTHSC and TSI, the outside consultant.

Participated in six two hour continuous improvement meetings with TSI consultants and documented several changes that would increase the efficiency of the EIS effort reporting process. (Updated this quarter)

Met with UNT System IT to define a plan for moving forward with Phase 3 enhancements to the current EIS Effort Reporting System. (Updated this quarter)

Reduced the timeline from 45 days to 15 days after the end of each semester for loading payroll data into the effort reporting system to increase the timeliness of distribution and certification starting with FY16 Summer Effort Report. (Updated this quarter)

**Action Taken by Compliance:**

- The Institutional Compliance Office works closely with the Assistant VP of Research Administration to provide support for compliance activities as needed. The Chief Compliance and ERM Officer is assisting the OGCM in establishing ongoing compliance monitoring.

**Chart #7:** Reflects UNT Health Science Center “Compliance” (Statutory) risks. This chart reflects the impact (severity) and probability (frequency) of each risk and the on-going risk reduction effort that has been adopted to manage each risk.

UNTHSC Annual Compliance Report
**Key to Chart**

<table>
<thead>
<tr>
<th>Low Probability</th>
<th>Medium Probability</th>
<th>High Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accept</strong></td>
<td><strong>Transfer</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mitigate &amp; Control</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Mitigate & Control**: Lessens risk, sets standards, measures performance, and takes corrective action. Requires quarterly monitoring and reporting by executive management.
- **Share**: Adequate controls in place, continued monitoring based on nature of risk. Requires quarterly monitoring and reporting.
- **Transfer**: Adequate controls in place, but not a controlled risk. Transfer of monitoring responsibilities to campus management.
- **Accept**: All actions have been taken to resolve this risk, with monitoring and reporting reduced from quarterly to annually or every two years depending on the nature of the risk.
## Chart #7 – Continued

<table>
<thead>
<tr>
<th>Reference</th>
<th>Risk</th>
<th>Division</th>
<th>Impact</th>
<th>Probability</th>
<th>Impact</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Billing and Coding in compliance</td>
<td>CL</td>
<td>H</td>
<td>H</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td>B</td>
<td>HR Outdated Policies</td>
<td>HR</td>
<td>H</td>
<td>H</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td>C</td>
<td>Unauthorized Access to Protected Data/HIPAA</td>
<td>ITS</td>
<td>H</td>
<td>M</td>
<td>H</td>
<td>M</td>
</tr>
<tr>
<td>D</td>
<td>Time and Effort Reporting</td>
<td>RE</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>E</td>
<td>Distance Education Compliance</td>
<td>CL</td>
<td>H</td>
<td>M</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td>F</td>
<td>Non-compliance with CMS 1115 Waiver requirements</td>
<td>AA</td>
<td>H</td>
<td>M</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td>G</td>
<td>Title IX Compliance</td>
<td>SA</td>
<td>H</td>
<td>L</td>
<td>H</td>
<td>L</td>
</tr>
</tbody>
</table>

Clinical (CL); Human Resources (HR); Infrastructure and Security (ITS); Research (RE); Academic Affairs (AA); Student Affairs (SA)

**Chart #8:** Reflects the same “Compliance” (Statutory) risks as the previous chart, but reflects the status of management’s efforts to appropriately address each risk along with a summary of the specific on-going risk reduction effort still required.

The three categories reflected in the arrow chart below are defined as:

**Opportunity for Enhancement** indicates there are opportunities to enhance the controls in place for these risks, which will continue the quarterly Institutional Compliance monitoring and reporting process.

**Acceptable** presents two options, both options indicate that adequate controls are in place; however, (1), it is recommended that quarterly Institutional Compliance monitoring and reporting continue or (2), quarterly compliance monitoring could be transferred to management for completion.

**Optimal** indicates that this risk is now considered to be a Controlled risk, which means that all controls appear to be in place for this risk and monitoring by Institutional Compliance could be reduced from quarterly to annually, to confirm that adequate controls remain in place. Divisions/Departments may continue to operationally monitor compliance quarterly.
Section III. Compliance Training and Additional Monitoring

New Employee and Student Compliance Training: Fourth Quarter

- Code of Ethics/Standard of Conduct training was assigned to 100% of new employees (88). 99% (87 employees) have completed the training. Measure of Success is 95%. The remaining employee has been contacted.

- HIPAA Privacy and Security training was assigned to 100% of new employees and students (282). 98% (277) have completed the training. Measure of Success is 95%. The remaining individuals have been contacted.
• Minors on Campus training was assigned to 100% of new employees and students (201). 99% (198) have completed the training. Measure of Success is 95%. The remaining individuals have been contacted.

• Medicare Compliance Training was given to 100% of new employees whose job functions involve the Medicare program (19). 99% (18) have completed the training. Measure of Success is 95%

**Annual Employee Compliance Training:**

• The Annual Compliance training for 2016 would have normally been deployed in September 2016. However, due to the resignation of the Sr. Compliance Manager in May, and the departure of the Chief Compliance and ERM Officer on 9/2/2016, the annual compliance training has been delayed. A taskforce was assembled under the leadership of the Interim Chief Compliance and ERM Officer on 9/19/2016 to discuss an action plan and timeline. The current plan is to deploy annual training during the first week of December, 2016.

**Additional Monitoring: Fourth Quarter**

Each quarter, the Institutional Compliance Office selects certain areas to monitor in addition to monitoring the quarterly risk reports received from the Compliance Divisions. The Senior Compliance Manager resigned in May and the Chief Compliance and ERM Officer departed on 9/2/2016. The Interim Chief Compliance and ERM Officer assumed responsibilities on 9/1/2016. Not all selected areas were monitored during the fourth quarter due to lack of staff. The following report describes which areas were monitored.

**Provider Trust Monitoring: Fourth Quarter**

*Description:* Provider Trust provides software that helps UNTHSC monitor whether employees are on the Office of Inspector General ("OIG") list of excluded individuals for federally funded healthcare programs as well as General Services Administration Excluded Parties List System (GSA-EPLS) and System for Award Management (SAM) exclusion list. UNTHSC runs the names of all UNTHealth employees through the software on a monthly basis.

• The percentage of UNTHealth employees reviewed through Provider Trust is 100%. Measure of Success if 100%
  - 763 UNT Health employees were run through Provider Trust to confirm licenses, certifications, documentation, and verification. Completion score was 100% with zero issues found.

**Timely Reimbursement of Unused Title IV Funding: Fourth Quarter**

*Description:* The Financial Aid Office (FAO), and the Student Finance Office (SFO) are responsible for authorizing, disbursing and delivering Title IV funding to students. The Accounting Office (AO) is responsible for returning unused funds back to the Department of Education electronically and in a timely manner.

• The Institutional Compliance Office received confirmation from the Vice President of Finance and Planning showing that the refund was timely returned to the Department of Education.

UNTHSC Annual Compliance Report
Disabling Access to UNTHSC Computers/Systems Upon Employee’s Termination: Fourth Quarter

Description: The Accounts Administrator in ITSS is responsible for disabling faculty, staff and contract worker accounts upon termination.

- (Not monitored during the fourth quarter)

Clinical Trials Monitoring: Fourth Quarter

Description: Clinical Trials are required to have Institutional Review Board (IRB) approval or a waiver. Applicable Clinical Trials must be registered on clinicaltrials.gov website. “Applicable Clinical Trials” include (a) trials of drugs and biologics – controlled clinical investigations (other than phase 1) of drugs or biological products subject to FDA regulation and (b) trials of devices – controlled trials with health outcomes of devices subject to FDA regulation (other than small feasibility studies) and pediatric post market surveillance required by the FDA.

- (Not monitored during the fourth quarter)

Credit Balances/UNTHealth: Fourth Quarter

Description: Quarterly reviews of credit balances on patients’ bills are conducted to identify third party overpayments and to confirm that overpayments are being processed in an accurate and timely manner according to Medicare and Medicaid guidelines or payer contracts. Overpayments from Medicare and Medicaid programs must be reimbursed within sixty (60) days of identification.

- The Institutional Compliance Office receives credit balance summary reports showing credits that are outstanding to Medicare and Medicaid payers past sixty (60) days. The total credit balances for government payers (Medicare, Medicaid, and Tricare) past sixty (60 days) is $4,232.00. The list of government credit balances is currently being worked and will be completed by October 21st.

- The healthcare industry recommended standard for credit balances is 2% or less of the active accounts receivable (“AR”) according to the Healthcare Financial Management Association (HFMA). Currently, UNTHealth AR’s are under the industry standard at 1.50%. The Institutional Compliance Office receives an aging report of credit balances to monitor compliance of timely repayment of identified overpayments.

Section IV. Compliance Reports

UNTHSC maintains a Compliance Hotline system with a third party vendor that allows a person to report a compliance matter or file a complaint anonymously and confidentially. The Compliance Hotline is managed by the Institutional Compliance Office. In addition, the Institutional Compliance Office receives complaints or becomes aware of compliance matters through email, by telephone or in person.

The Ethics Hotline information, which includes the hotline telephone number and information on how to report a violation, is posted on Institutional Compliance Office’s website, UNTHSC’s website and on signs through-out the campus. The Institutional Compliance Office provides Ethics Hotline handouts to new employees through the Human Resources orientation process.

100% of Hotline reports were dispatched to the appropriate division within 24 hours of notification. Measure of Success is within 48 hours.

UNTHSC Annual Compliance Report
As of August 31, 2016 – End of Fourth Quarter

FY 2014-15 Outstanding Reports

- **One** Academic Affairs report – (1 – Hotline)
  - Inappropriate relations allegation – Referred to the Office of General Counsel – **Resolved – With Merit, corrective action taken.**

- **One** Research report – (1 - In Person)
  - Monitoring a Research Integrity investigation by OIG and time and effort investigation by OGC – **In Progress – Managed by the Office of General Counsel**

- **One** Clinical Report – (1- In Person)
  - Outstanding UNTHSC invoices for hospital Program Director Services – **In Progress**

FY 2016 Second Quarter Outstanding Reports

- A report was filed with the UNT System Hotline regarding hiring fraud and abuse. – **Resolved, partially with merit. Corrective Action Taken** (UNT System Hotline)

- **One** Clinical – (In Person)
  - A provider contacted the Chief Compliance Officer regarding a letter received from the Office of the Asst. Secretary of Defense – Health Affairs related to a concern about prescriptions written by the provider for Tricare patients – **In Progress, Managed by the Office of General Counsel**

FY 2016 Third Quarter Reports – Outstanding Reports

- **One** Research/Clinical Report – (In Person)
  - A Principal Investigator (Physician) obtained IRB approval for a clinical trial but began the research before contract was in place. **Resolved – With Merit. Corrective Action Taken**

FY 2016 Fourth Quarter Reports – June 1, 2016 to August 31, 2016

UNTHSC received the following ten (10) reports during the fourth quarter:

- **Three** Finance Reports – (3-Hotline)
  - Allegation that certain investment reports were not posted to the UNTHSC website as required and misleading statements regarding the posting were made. **In Progress**
  - Allegation that an employee was asked to certify a report that contained a discrepancy. **In Progress**
  - Allegation of overspending of grants – **In Progress**

- **Three** Clinical Reports – (1-Hotline, 2-In person)
  - Complaint against former provider regarding billing. **In Progress** (In Person)
  - Complaint about provider billing. **In progress** (Hotline)
  - HIPAA privacy complaint that a patient medical record sent to wrong person. **Resolved- With Merit, corrective action taken.** (In Person)

- **Four** Human Resources – (4-Hotline)
  - Concern regarding clinic supervisor’s demeanor. **In progress.** (Hotline)
  - Manager intentionally withheld cleanliness issues from staff. **Resolved – With Merit, corrective action taken.** (Hotline)
  - Former employee reported use of racial slur. **In progress.** (Hotline)

UNTHSC Annual Compliance Report
- Police are not compliant with rules regarding pass/fail on firearms form and a theft of a filing cabinet was also reported. **Resolved – Without merit.** (Hotline)

**FY 2016 Annual Hotline and Non-Hotline Report**
An analysis of the complaints and/or concerns received during 2016 fiscal year is reflected as follows:
- There were **thirteen** (13) Ethics Hotline reports registered for the UNTHSC. There were also **fifteen** (15) non-hotline reports. These reports are summarized by type below:

### Institutional Compliance Hotline Reports - FY 2016
**By Type**

- Clinical, 5
- Human Resources, 4
- Finance, 3
- Institutional Comp, 1

### Non-Hotline Reports FY 2016

- Clinical, 5
- System, 3
- Institutional Comp, 2
- Operations, 1
- Research, 1
- Student Affairs, 2
- Human Resources, 1

UNTSHC Annual Compliance Report
All reports were reviewed by the Institutional Compliance Office and referred to the appropriate compliance division for resolution. As of August 31, 2016 (end of fiscal year) the Institutional Compliance Office had four (4) non-hotline reports and five (5) Hotline reports that were still in the process of being reviewed and/or investigated. All other reports were investigated and resolved.
Section I. Organizational Actions

There were no significant organizational actions that affected the Compliance program for this fourth quarter reporting period (June 1 through August 31, 2016).

Section II. Compliance Risks

Institutional Compliance completed an initial Safety and Security Audit under the risk area “Emergency Planning & Preparedness and Business Continuity” to ensure the program is in compliance with Texas Education Code 51.217. The Texas Division of Emergency Management (TDEM) will be notified of the results no later than September 30, 2016. A summary of the results was provided in the 3rd quarter consolidated compliance report to the UNT System Board of Regents.

The following information represents the status of the University of North Texas at Dallas fiscal year 2016 Compliance Risks and management’s efforts to implement adequate controls for the risks indicated, each risk’s impact (severity) and probability (frequency) valuation, and the on-going risk mitigation strategy for each risk. The following information is provided to enhance the UNT System Board of Regent’s ability to meet its compliance oversight responsibilities.

Chart #9: Reflects UNT Dallas’ “Compliance” (Statutory) Risks. This chart reflects the impact and probability of each risk and the on-going risk reduction effort that has been adopted to manage each risk.
Highest risks appear in the top right corner of the chart.

Blue lettering indicates a risk that may be monitored permanently based on the nature of the risk, even with adequate controls in place.

UNT Dallas Annual Compliance Report
### Mitigate & Control

*Lessens risk, sets standards, measures performance, and takes corrective action*

<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires quarterly compliance reviews by System and/or Institutional Compliance and reporting to the Board.</td>
<td></td>
</tr>
</tbody>
</table>

### Share

*Adequate controls in place, continued monitoring and reporting is required*

<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires quarterly monitoring and reporting.</td>
<td></td>
</tr>
</tbody>
</table>

### Transfer

*Adequate controls in place, but not a controlled risk*

<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer of monitoring responsibility from System and/or Institutional Compliance to campus management.</td>
<td></td>
</tr>
</tbody>
</table>

### Accept

<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>It appears that all actions have been taken to resolve this risk, with monitoring and reporting reduced from quarterly to annually or every two years depending on the nature of the risk.</td>
<td></td>
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</tbody>
</table>

**Chart # 10:** Reflects the same UNT Dallas “Compliance” (Statutory) risks as the previous chart, but reflects the status of management’s efforts to appropriately address each risk along with a summary of the specific on-going risk reduction effort still required.

The three categories reflected in the arrow chart below are defined as:

**Opportunity for Enhancement** indicates there are opportunities to enhance the controls in place for risks in this category, which will continue the quarterly Compliance monitoring and reporting process.

**Acceptable** presents two options, both options indicate that adequate controls are in place, however, **Share** recommends that quarterly Compliance monitoring and reporting continue and **Transfer** recommends that quarterly Compliance monitoring could be transferred to management for completion.

**Optimal** indicates that this risk is now considered to be a Controlled risk, which means that all controls appear to be in place for this risk and monitoring should be reduced from quarterly to annually or every two years, depending on the nature of the risk to ensure that adequate controls remain in place.
Risk reduction effort appears immediately below the arrow directly under the risk.

Highest risks appear on the right side of the red arrow.

Blue lettering indicates a risk that may be monitored permanently based on the nature of the risk, even with adequate controls in place.

UNT Dallas Annual Compliance Report
Section III. Compliance Related and Ethics Training

System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its PowerPoint Compliance Awareness Training into web-based training. S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.

Section IV. Confidential and Other Complaint/Concern Reporting for UNT Dallas

UNT Dallas maintains a web-based Compliance Hotline reporting system that allows anonymous and confidential reporting as required by the U.S. Sentencing Guidelines. System and Institutional Compliance also receives complaints by telephone, email, appointment, and walk-ins.

- An analysis of the two (2) reports received during the fourth quarter by UNT Dallas revealed the following breakdown of complaints:
  - There were two (2) Hotline reports received with no information provided. These reports were closed upon receipt.

- An analysis of the ten (10) reports received by UNT Dallas during fiscal year 2016 as compared to three (3) reports received during fiscal year 2015 are summarized below:

![Complaint Breakdown Pie Chart]

No complaint information provided, 2
Alleged inappropriate management behavior, 3
Alleged inappropriate policy change, 1
Community issue (UNT), 1
Report received for testing, 1
Alleged employment issues, 2

UNT Dallas Annual Compliance Report
MINUTES
BOARD OF REGENTS
Finance and Facilities Committee
August 18-19, 2016

Thursday, August 18, 2016

The Finance and Facilities Committee of the Board of Regents of the University of North Texas System convened on Thursday, August 18, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following members in attendance: Regents Don Potts, Rusty Reid, Glen Whitley, and Laura Wright.

There being a quorum present the meeting was called to order by Committee Chairman Reid at 1:32 pm. The minutes of the May 19-20, 2016, Finance and Facilities Committee meetings were approved on a 4-0 vote following a motion by Regent Whitley seconded by Regent Potts.

Chair Reid introduced Chancellor Jackson, Matt Moncus, Safety Director at the Health Science Center, and Doug Welch and Brad Scott, Risk Management at UNT, who briefed the Board on Risk Management Introduction, Briefing Schedule, and Review of Insurance.

UNT System Vice Chancellor for Finance Janet Waldron and Marc Monyek, Engagement Lead with Ernst & Young, presented the Investment and Cash Management Study, Ernst and Young.

Chair Reid noted that there were two action items on the agenda for that afternoon, with more to be considered the following day. The first action item was the UNT System FY17 budget, presented by Vice Chancellor Waldron, UNTHSC President Williams, UNTD President Mong, UNT President Smatresk, and Associate Vice Chancellor Asher.

12. UNTS Approval of the FY17 UNT System Consolidated Budget

James Maguire, UNT System Vice Chancellor, presented the next action item.

13. UNTS Approval of UNTS FY2017 Capital Improvement Plan and Amending the FY2016 Capital Improvement Plan

Pursuant to a motion by Regent Glen Whitley and seconded by Regent Don Potts, the Committee approved the above item on a 4-0 vote.

There being no further business, the Committee meeting recessed at 3:40 pm until the following day.
Friday, August 19, 2016

The Finance and Facilities Committee of the Board of Regents of the University of North Texas System reconvened on Friday, August 19, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following members in attendance: Regents Don Potts, Rusty Reid, Glen Whitley, and Laura Wright.

There being a quorum present the meeting was called to order by Committee Chair Reid at 9:07 am.

Chair Reid noted that the Committee had eight action items to consider. Vice Chancellor James Maguire presented the first action item.

14. UNTS  Twenty-Third Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto

Pursuant to a motion by Regent Laura Wright and seconded by Regent Don Potts, the Committee approved the above item on a 4-0 vote.

The next action item related to the managed care agreements and was presented by UNTHSC Interim Chief Financial Officer, Greg Anderson.

15. UNTHSC  Delegation of Authority to Negotiate and Execute Managed Care Agreements with Health Care Insurers

Pursuant to a motion by Regent Glen Whitley and seconded by Regent Laura Wright, the Committee approved the above item on a 4-0 vote.

Interim Chief Financial Officer Greg Anderson presented the next action item.

16. UNTHSC  Delegation of Authority to the Chancellor for Approval of UNTHSC Intergovernmental Transfers (IGT) of Funds for FY 2017 in the Texas Healthcare Transformation and Quality Improvement Program (1115 Transformation Waiver)

Pursuant to a motion by Regent Glen Whitley and seconded by Regent Don Potts, the Committee approved the above item on a 4-0 vote.

Greg Anderson also presented the next action item.

17. UNTHSC  Delegation of Authority to Amend UNTHSC’s Agreement with CareCycle Solutions

Pursuant to a motion by Regent Don Potts and seconded by Regent Laura Wright, the Committee approved the above item on a 4-0 vote.
The next action item from UNTHSC was a request to purchase property in Fort Worth and was presented by Stephen Barrett, Vice President for Operations.

18. UNTHSC  **Acquisition of Real Property Located at 1408 St. Louis Avenue, Fort Worth, Texas**

Pursuant to a motion by Regent Don Potts and seconded by Regent Laura Wright, the Committee approved the above item on a 4-0 vote.

The next action item was presented by Interim Chief Financial Officer Greg Anderson.

19. UNTHSC  **Delegation of Authority to Negotiate and Execute Agreements Between UNTHSC and the Tarrant County Hospital District and/or Acclaim Physician Group**

Pursuant to a motion by Regent Laura Wright and seconded by Regent Don Potts, the Committee approved the above item on a 3-0 vote. Regent Glen Whitley abstained.

UNT Health Science Center President Michael Williams presented the next action item for the Committee's consideration.

20. UNTHSC  **Authorization to Serve on Outside Board**

Pursuant to a motion by Regent Don Potts and seconded by Regent Laura Wright, the Committee approved the above item on a 4-0 vote.

The final action item came from UNT Dallas and was presented by Chief Financial Officer Dan Edelman.

21. UNTD  **UNT Dallas Room and Board Rates for Academic Year 2017-2018**

Pursuant to a motion by Regent Don Potts and seconded by Regent Glen Whitley, the Committee approved the above item on a 4-0 vote.

There being no further business, the Committee meeting adjourned at 9:29 am.

Submitted By:

Rosemary R. Haggett
Board Secretary

Date: **Aug 24, 2016**
Update on Progress of Campus Master Plan
Vision

The task of creating a **PLACE** appropriate to the UNT mission and the experiences for students on their academic and personal journeys, demands a **VISION** of a transcendent environment equal to the **TRANSFORMATION** that is the educational process.
Master Plan 2013 Update Goals

- Strategic Plan informs Master Plan
- Accommodate enrollment growth
  - Current space needs
  - Projected space needs
  - Housing, parking, recreation
- Enhance circulation and connectivity
  - Pedestrian, Bicycle
  - Transit
  - Vehicular
- Improve campus identity at gateways, edges
- Reinforce campus character, quality and sense of PLACE with integrated standards for architecture, landscape, hardscape, site furnishings, lighting and sustainability.
Transportation & Parking Master Plan

Detailed Transportation & Parking Master Plan element is completed providing recommendations and tools for improving all modes of campus access.
Recent Acquisitions

- 1125 North Texas Boulevard
- 1011 North Texas Boulevard
- 2114 – 2122 W Prairie Street
Housing Master Plan

Schedule:
- Contract Approval: September 2016
- Expected Completion: February 2017

Scope:
- Comprehensive master plan for student housing on the UNT campus
- Develop a strategic analysis to inform housing goals and objectives for UNT campus
- Develop a housing and utility infrastructure condition assessment
- Create a comprehensive detailed financial analysis of projected housing revenues, expenses, and capital costs
Athletics Facilities Master Plan

Schedule:
- Contract Approval: November 2016
- Expected Completion: June 2017

Scope:
- Develop a complete master plan for athletic facilities and program for a new indoor practice facility on the UNT campus
2018 Residence Hall

Project Budget:
$49,300,000

Scheduled Completion:
June 2018

Description:
• 500 bed living-learning environment
• Create connectivity to campus
• Define southern edge of campus and Gateway at corner of Avenue A and Eagle
• Includes Tour Center
UNT College of Visual Arts and Design Facility

Approx. 121,700 GSF

Project Budget:
$70,000,000 Tuition Revenue Bonds

Scheduled Completion:
July 2018

Program:
• Studios, classrooms and seminar rooms
• Specialized instructional space including 3D graphics and visualization labs
• Specialized teaching labs
• Art galleries & student exhibition spaces
• Informal collaborative study areas
• Administrative and Faculty Offices and support areas

Proposed Site
To be sited just east of current Art Building in the Northeast corner of main campus
UNT College of Visual Arts and Design Facility
Continuing Campus Path Development

Central Path Extension

Clark Path Extension from Highland to Gateway

Hurley Administration Building Landscape with Aerial

Proposed Connectivity
Immediate Priorities identified in Plan are evaluated by Campus leadership in the development of the Annual Capital Improvement Plan.

The Space Planning and Management Committee monitors space inventory and brings together campus leadership to prioritize space use decisions to best support strategic goals.
Campus Design Review Board insures the application of design standards to major projects and open space development

Architectural Design Standards to define a UNT vocabulary:

- Materials
  - Brick; Stone; Glass; Metal
- Rustication
- Quoins
- Colonnades + porticos
- Entrances
- Window Fenestration
- Cornices, Roof Edges
- Sloped Roof
UNT Foundation

UNTS Long-Term Pool Update
Board of Regents Meeting
November 2016

Mike Mlinac, UNT Foundation President and CEO
Alfred Lockwood, UNT Foundation Director of Investment Administration
U.S. markets maintain relative strength to Europe in 2016. 2016 benefits from rebounds in areas which were weak in 2015.

Agenda

- Assets Under Management
- Investment Performance – 1, 5, 10 Years
- Recent Performance Drivers
- Asset Allocation
- Importance of Diversification
- Impact of Prolonged Low Interest Rates
- Recent Results
Assets Under Management – 08/31/2016

- Foundation Endowments: $100MM
- UNT Endowments: $43MM
- UNT Long-Term Pool: $135MM
- Total AUM: $278MM

UNT Foundation manages investments for its own endowments, those of UNT, and the UNT System’s Long-Term Pool, in which UNT-affiliated institutions participate.
Performance – FY 2016

Note: Broad Market Index prior to March 1, 2016 is 60% MSCI ACWI / 40% Barclays Aggregate. Post February 29, 2016, the Broad Market Index is 40% DJ U.S. Total Stock Market / 20% MSCI ACWI ex U.S. / 30% Barclays Aggregate / 10% CPI

NOTE: All returns adjusted to be net of fees. Actual external fee schedule including investment consultant fee is applied to the Policy index while a 25 bp fee burden is applied to the Broad Market Index as a proxy for passive fund fees. All figures exclude Foundation’s 10 bp LTP fee.

2nd half fiscal year rebound resulted in a solid and positive 2016 return. 5-year figures impacted by 2015 energy and EM bear markets. 10-year figures impacted by 2008 global bear market.
Performance Attribution

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Return FY 2015</th>
<th>Return FY 2016</th>
<th>5 Yr Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Pool</td>
<td>-7.7%</td>
<td>7.3%</td>
<td>5.5%</td>
</tr>
<tr>
<td>UNTF Policy Index</td>
<td>-6.5%</td>
<td>6.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Broad Market Index</td>
<td>-3.3%</td>
<td>6.8%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Domestic Equity</td>
<td>-0.4%</td>
<td>13.9%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Developed International Equity</td>
<td>-6.3%</td>
<td>2.4%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Emerging Market Equity</td>
<td>-21.5%</td>
<td>8.6%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Domestic Fixed Income</td>
<td>-0.3%</td>
<td>6.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Emerging Market Debt</td>
<td>-23.1%</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>3.3%</td>
<td>0.2%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Energy &amp; Commodities</td>
<td>-42.0%</td>
<td>9.3%</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Global Real Estate</td>
<td>-2.1%</td>
<td>14.0%</td>
<td>na</td>
</tr>
</tbody>
</table>

NOTE: All returns adjusted to be net of investment manager and consultant fees.

U.S. markets maintain relative strength to Europe in 2016. 2016 benefits from rebounds in areas which were weak in 2015. Past five years have favored U.S. equities versus international.
Portfolio is broadly diversified to spread risk and achieve attractive long-term, risk-adjusted returns.

Portfolio objectives: Growth Assets (GA), Risk Reduction Assets (RRA), Inflation Protection Assets (IPA)
Diversification Works Over Time ... But Cycles

Markets cycle in and out of favor between domestic vs global diversification. Recent history has favored the U.S.
Interest Rates, Return Trends, and Expectations

Expected Returns:
- Mercer 10 years: 6.10%
- JP Morgan market cycle ex fees: 6.20%
- Mercer 5 years: 5.60%
- Goldman Sachs 5 years ex fees: 4.10%
- GMO 7 Years: 2.70%

Note: 10-Year investment returns consist of a portfolio of 40% U.S. stocks, 20% Int’l Developed Countries stocks, 10% REITs and 30% bonds.

Long-Term Treasury Yields and Investment Returns

Independent investment firms are forecasting lower rates of return over the next five and ten years versus historical averages. Expectations should be tempered accordingly.
Lower Risk-Free Rate Brings Down Investment Expectations

U.S. 10-year treasury yield has declined 5% over the past 20 years. Investors must understand that the return outlook is muted unless they assume more risk.
Market correction is considered as S&P 500 closing 6% below its most recent closing high from prior bull rally.


25 of the past 32 years experienced at least a minor correction. 1/3 experienced more than one per year. Corrections are normal to investment cycles, but hard to predict accurately.
Recent Results for FY 2017

To be updated live at the meeting.
Summary

- 2016 was a positive year
  - Will likely compare favorably with peers also
- Things that hurt us in 2015 helped us in 2016 (i.e. energy / emerging markets)
- Investments and strategies cycle in and out of favor.
- Diversification is a beneficial long-term approach
- Investing is a marathon, not a sprint
- Corrections are a normal part of market cycles, but hard to predict
- The Foundation continually challenges the portfolio allocation for opportunities to enhance risk adjusted returns
- Market outlook: Future return expectations are muted in today’s low interest rate environment

Having a strategy, sticking to it, diversification and rebalancing have long-term benefits
The following summary/prices/quotes statistics have been obtained from sources deemed to be reliable, but we do not guarantee their accuracy or completeness. It is being provided at your request for informational purposes only. It does not represent an official accounting of the holdings, balances or transactions made in your account. Please reference your normal trade confirmations on your monthly or quarterly account statement for the official record of all of your account activities. In compliance with Rule 204.3 under the Investment Advisers Act of 1940, this notice shall serve as an offer to obtain a current investment advisor registration statement for any of the investment advisors referenced herein who are registered under the Investment Advisers Act of 1940, as amended. Please see Important Information at the end of the report.

Investment products: Not FDIC insured "No bank guarantee" May lose value
### YTD Returns through August

#### 2016 YTD Returns Through August 31st

<table>
<thead>
<tr>
<th>Category</th>
<th>Index</th>
<th>YTD Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>MSCI Emerging Markets</td>
<td>14.5%</td>
</tr>
<tr>
<td></td>
<td>S&amp;P 500</td>
<td>7.8%</td>
</tr>
<tr>
<td></td>
<td>MSCI ACWI</td>
<td>5.9%</td>
</tr>
<tr>
<td></td>
<td>MSCI Japan</td>
<td>0.9%</td>
</tr>
<tr>
<td></td>
<td>MSCI Europe</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Barclays US Treasury Index</td>
<td>18.4%</td>
</tr>
<tr>
<td></td>
<td>US Corp High Yield Index</td>
<td>14.3%</td>
</tr>
<tr>
<td></td>
<td>US Corp Investment Grade Index</td>
<td>9.5%</td>
</tr>
<tr>
<td></td>
<td>US Aggregate Bond Index</td>
<td>5.9%</td>
</tr>
<tr>
<td>Alternatives</td>
<td>SPDR Gold Shares</td>
<td>23.0%</td>
</tr>
<tr>
<td></td>
<td>Real Estate Investment Trusts (REITs)</td>
<td>13.7%</td>
</tr>
<tr>
<td></td>
<td>Master Limited Partnerships (MLPs)</td>
<td>13.8%</td>
</tr>
<tr>
<td></td>
<td>Bloomberg Commodities Index</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Societe Generale Commodity Trading Advisor Index</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HFRI Fund of Funds Diversified Index</td>
<td></td>
</tr>
</tbody>
</table>

Source: Bloomberg, J.P. Morgan Asset Management, 7/15/2016. *All fixed income indices are maintained by Barclays Capital. All returns shown in USD. Past Performance is no guarantee of future results. It is not possible to invest directly in an index. Investing in fixed income products is subject to certain risks, including interest rate, credit, inflation, call, prepayment, and reinvestment risk. Investments in alternative investment strategies is speculative, often involves a greater degree of risk than traditional investments including limited liquidity and limited transparency, among other factors and should only be considered by sophisticated investors with the financial capability to accept the loss of all or part of the amounts devoted to such strategies. Investments in commodities may have greater volatility than investments in traditional securities and may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.*

*Outlooks and past performance are not reliable indicators of future results.* This constitutes our judgment based on current market conditions and are subject to change without notice. Please see the pages titled "Benchmark Definitions" at the back of this presentation for important information. The information contained herein is provided for illustrative purposes only and should not be relied upon in isolation for the purpose of making an investment decision. For more information on product profiles and trade ideas, which discusses risks, benefits, liquidity and other matters of interest, please contact your J.P. Morgan representative.
Investment policy, asset allocation and continuity matter

Portfolio returns: Equities vs. equity and fixed income blend

Oct. 2007: S&P 500 peak
Mar. 2009: S&P 500 portfolio loses over $50,000
Nov. 2009: 40/60 portfolio recovers
Oct. 2010: 60/40 portfolio recovers

20-year annualized returns by asset class (1996 – 2015)

Source: J.P. Morgan Asset Management; (Top) Barclays, FactSet, Standard & Poor’s; (Bottom) Dalbar Inc.
Indexes used are as follows: REITs: NAREIT Equity REIT Index, EAFE: MSCI EAFE, Oil: WTI Index, Bonds: Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Gold: USD troy oz, Inflation: CPI, 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high quality U.S. fixed income, represented by the Barclays U.S. Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/15 to match Dalbar’s most recent analysis.

Guide to the Markets – U.S. Data are as of September 30, 2016. The information contained herein is provided for illustrative purposes only and should not be relied upon in isolation for the purpose of making an investment decision. For more information on product profiles and trade ideas, which discusses risks, benefits, liquidity and other matters of interest, please contact your J.P. Morgan representative. Past performance is no guarantee of future results.
In order to sustainably deliver their operating return requirement, endowments and foundations tend to be prudently, globally diversified.

### Asset Allocation for U.S. Private Foundations (%)

- **Domestic Equities**: 49, 45, 18, 24
- **International Equities**: 48, 23, 17, 23
- **Alternative Strategies**: 14, 34, 18, 19
- **Fixed Income**: 17, 24, 19, 35
- **Cash**: 5, 24, 19, 35

### Spending Rates for U.S. Private Foundations

- **Total**: 5.4%
- **Over $500MM**: 4.9%
- **$101 - 500MM**: 5.4%
- **Under $101MM**: 5.7%

Source: 2015 Council on Foundations-Commonfund Study of Investment of Endowments for Private and Community Foundations as of the 2015 fiscal year (January 1-December 31, 2015). The data is representative of 228 institutions. The information contained herein is provided for illustrative purposes only and should not be relied upon in isolation for the purpose of making an investment decision. For more information on product profiles and trade ideas, which discusses risks, benefits, liquidity and other matters of interest, please contact your J.P. Morgan representative.
### Performance Detail as of August 31, 2016

**UNCHF FONDATION (HGP-F10597006)**

<table>
<thead>
<tr>
<th>Market Value</th>
<th>Current Allocation</th>
<th>YTD</th>
<th>1YR</th>
<th>3YR</th>
<th>5YR</th>
<th>10YR</th>
<th>Since Inception</th>
<th>Inception Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Portfolio</strong></td>
<td>40,686,966</td>
<td>100.0</td>
<td>4.4</td>
<td>4.8</td>
<td>5.2</td>
<td>6.1</td>
<td>4.9</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total Portfolio (Net of Fees)</strong></td>
<td>40,686,966</td>
<td>100.0</td>
<td>4.1</td>
<td>4.5</td>
<td>4.9</td>
<td>5.8</td>
<td>4.5</td>
<td>6.1</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>23,918,414</td>
<td>58.8</td>
<td>4.7</td>
<td>6.0</td>
<td>7.6</td>
<td>9.1</td>
<td>5.0</td>
<td>7.8</td>
</tr>
<tr>
<td>MSCI World USD Net</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>S&amp;P 500 Total Return Index USD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total US Equity</strong></td>
<td>14,998,192</td>
<td>36.8</td>
<td>6.7</td>
<td>8.9</td>
<td>10.6</td>
<td>12.8</td>
<td>7.2</td>
<td>7.2</td>
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<tr>
<td>US Large Cap Equity</td>
<td>11,074,030</td>
<td>27.2</td>
<td>5.6</td>
<td>8.8</td>
<td>10.9</td>
<td>13.0</td>
<td>7.0</td>
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<tr>
<td>US Mid Cap Equity</td>
<td>2,603,885</td>
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<td>9.1</td>
<td>8.1</td>
<td>10.0</td>
<td>12.5</td>
<td>7.8</td>
<td>7.7</td>
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<tr>
<td>US Small Cap Equity</td>
<td>1,320,277</td>
<td>3.2</td>
<td>11.6</td>
<td>11.1</td>
<td>9.5</td>
<td>-</td>
<td>-</td>
<td>9.7</td>
</tr>
<tr>
<td><strong>Total Non-US Equity</strong></td>
<td>6,473,145</td>
<td>15.9</td>
<td>1.0</td>
<td>0.9</td>
<td>3.0</td>
<td>3.6</td>
<td>1.1</td>
<td>5.0</td>
</tr>
<tr>
<td>EAFE Equity</td>
<td>6,058,926</td>
<td>14.9</td>
<td>2.7</td>
<td>3.0</td>
<td>4.1</td>
<td>6.2</td>
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<td>3.3</td>
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<tr>
<td>Japanese Large Cap Equity</td>
<td>414,219</td>
<td>1.0</td>
<td>-13.7</td>
<td>-13.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.1</td>
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<td>Global Equity</td>
<td>2,447,077</td>
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<td>4.4</td>
<td>6.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-0.2</td>
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<tr>
<td><strong>Fixed Income &amp; Cash</strong></td>
<td>16,768,552</td>
<td>41.2</td>
<td>4.7</td>
<td>4.1</td>
<td>3.1</td>
<td>3.0</td>
<td>4.6</td>
<td>5.6</td>
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<tr>
<td>Barclays Capital Aggregate Tot</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Cash &amp; Short Term</td>
<td>2,144,738</td>
<td>5.3</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>0.8</td>
<td>2.5</td>
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<tr>
<td>US Fixed Income</td>
<td>13,816,754</td>
<td>34.0</td>
<td>5.4</td>
<td>4.7</td>
<td>3.6</td>
<td>3.9</td>
<td>5.3</td>
<td>6.0</td>
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<td>Non-US Fixed Income</td>
<td>807,060</td>
<td>2.0</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>1.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inception Date</th>
<th>Commitment Amount</th>
<th>Net Capital Called</th>
<th>% Called</th>
<th>Net Distributions</th>
<th>Estimated Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Private Investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7/31/2016</td>
<td>1,000,000</td>
<td>60,000</td>
<td>6%</td>
<td>-</td>
<td>60,000</td>
</tr>
<tr>
<td>Diversified Strategies (LBO/VC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7/31/2016</td>
<td>1,000,000</td>
<td>60,000</td>
<td>6%</td>
<td>-</td>
<td>60,000</td>
</tr>
<tr>
<td>* Priced On 08/31/2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7/31/2016</td>
<td>1,000,000</td>
<td>60,000</td>
<td>6%</td>
<td>-</td>
<td>60,000</td>
</tr>
</tbody>
</table>

* Represents a publicly traded fund. These assets are priced daily and market values are based on the month end net asset value or "NAV."

**Net IRR is after management fees, carried interest and fund expenses.**

* HGP-F10597006 is comprised of: B16664009, F10597006, V37365000.
**Contributors to Performance as of August 31, 2016**

**UNTHSC FOUNDATION (HGP-F10597006)**

### Top Contributing Investments

<table>
<thead>
<tr>
<th></th>
<th>Discretionary Accounts</th>
<th>Non-Discretionary Accounts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Large Cap Equity</td>
<td>2.76</td>
<td>-0.03</td>
<td>2.73</td>
</tr>
<tr>
<td>US Fixed Income</td>
<td>1.45</td>
<td>0.04</td>
<td>1.49</td>
</tr>
<tr>
<td>EAFE Equity</td>
<td>0.72</td>
<td>-0.03</td>
<td>0.69</td>
</tr>
<tr>
<td>US Mid Cap Equity</td>
<td>0.59</td>
<td>-0.01</td>
<td>0.58</td>
</tr>
<tr>
<td>Global Equity</td>
<td>0.41</td>
<td>-0.02</td>
<td>0.40</td>
</tr>
</tbody>
</table>

Results shown represent 12 month(s) as of 8/31/16

*HGP-F10597006 is comprised of: B16664009, F10597006, V37365000.*

Calculation of contribution is based on asset size and rate of return for the period. Percentages may not add to 100% due to rounding. Alternative assets valuations may reflect price estimates on dates different from that indicated above. Performance for individually managed assets is shown gross of fees. See the Important Information page for detailed information on the treatment of fees within your portfolio. Market values may not agree with client statements due to late posted trades and income accruals. Returns greater than one year are annualized. It is not possible to invest directly in an index. Past performance is no guarantee of future results.
## Contributors to Performance as of August 31, 2016

**UNTHSC FOUNDATION (HGP-F10597006)**

### Bottom Contributing Investments

<table>
<thead>
<tr>
<th>Contribution (%)</th>
<th>Discretionary Accounts</th>
<th>Non-Discretionary Accounts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese Large Cap Equity</td>
<td>-0.25</td>
<td>-0.02</td>
<td>-0.27</td>
</tr>
<tr>
<td>Hard Assets</td>
<td>-0.09</td>
<td>-0.01</td>
<td>-0.10</td>
</tr>
<tr>
<td>European Large Cap Equity</td>
<td>-0.05</td>
<td>0.00</td>
<td>-0.05</td>
</tr>
<tr>
<td>Asia ex-Japan Equity</td>
<td>0.00</td>
<td>-0.01</td>
<td>-0.01</td>
</tr>
<tr>
<td>Private Investments</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Results shown represent 12 month(s) as of 8/31/16

*HGP-F10597006 is comprised of: B16664009, F10597006, V37365000.

Calculation of contribution is based on asset size and rate of return for the period. Percentages may not add to 100% due to rounding. Alternative assets valuations may reflect price estimates on dates different from that indicated above. Performance for individually managed assets is shown gross of fees. See the Important Information page for detailed information on the treatment of fees within your portfolio. Market values may not agree with client statements due to late posted trades and income accruals. Returns greater than one year are annualized. It is not possible to invest directly in an index. Past performance is no guarantee of future results.
Your Investment Profile represents your overall investment objectives with respect to your relationship with us, and potentially other service providers as well. It may include one or more self-directed Non-Discretionary Accounts and one or more Discretionary Investment Management Accounts. While the objectives of your individual accounts may vary, considered as a whole, they constitute your Total Wealth Profile. Your Total Wealth Profile is based upon the objectives set forth in your Investment Mandate with us. If you have requested us to include accounts in this presentation that are not covered by your Investment Mandate, those accounts will not be reflected in the Total Wealth Profile. The boxed information reflects your accounts at J.P. Morgan.
## Account Summary as of August 31, 2016

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Account Name</th>
<th>Product</th>
<th>Current Balance ($) As of Aug 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>F10597006</td>
<td>UNTHSC FOUNDATION</td>
<td>Balanced</td>
<td>40,686,966</td>
</tr>
<tr>
<td>B16664009</td>
<td>UNTHSC FOUNDATION</td>
<td>Standard Custody (with JPMSI)</td>
<td>60,173</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td></td>
<td></td>
<td><strong>40,747,139</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
<td><strong>40,747,139</strong></td>
</tr>
</tbody>
</table>

1 If an account is in more than one group, the market value will only be accounted for once in Total Investments. Total Investments includes Excluded Assets. 2 Deposit products and services are offered by JPMorgan Chase Bank, N.A. Member FDIC.

*An asterisk (*) next to account number indicates an account/facility that is currently closed.
Definitions and Additional Information

Indices are unmanaged and exclude expenses. An individual cannot invest directly in an index. The performance of equity and fixed income indices is based on the reinvestment of any dividends, capital gains, or interest income distributed on the underlying securities.

Benchmark Definitions

The Blended Benchmark is comprised of one or more indices, based upon the J.P. Morgan model portfolio that has been selected to reflect the overall asset allocation for your accounts, and may change over time if you change your selection. If the benchmark is not available (n/a), a return cannot be calculated for the period because the index for a given asset class does not have enough historical data.

The Barclays Capital 1-17 Year Municipal Bond Index is an index that represents the performance of municipal bonds with maturities from 1-17 years. It is a component of the Municipal Bond Index which is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

The Barclays Capital Global Aggregate 1-10y ex-Japan hedged to EUR (Total Return Gross) provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the US Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate (excluding Japan) Indices. The index also includes Eurodollar corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities. The securities included in the Barclays Capital Global Aggregate 1-10y ex-Japan hedged to EUR (Total Return Gross) have maturities between 1 and 10 years.

The Barclays Capital Taxable Indices represent fixed income securities that are U.S. domestic, taxable, and dollar-denominated. The Barclays Capital Aggregate Index covers the U.S. investment grade bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

The Barclays Capital Municipal Bond Indices are broad market performance benchmarks for the tax-exempt bond market. They are also rule-based and market weighted.

The Barclays US TIPS Index includes all publicly issued, U.S. Treasury inflation protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

The Barclays Capital 1-10 Year U.S. Treasury Inflation-Protected Securities (TIPS) Index tracks the performance of 1-10 year inflation-protected securities issued by the U.S. Treasury.

The Barclays Global Aggregate Index provides a broad-based measure of the global investment grade fixed-rate debt markets. The Global Aggregate Index contains three major components: the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Index. In addition to securities from these three benchmarks, the Global Aggregate Index includes Global Treasury, Eurodollar, Euro-Yen, Canadian and Investment Grade 144A index-eligible securities not already in the three regional aggregate indices.

The Barclays US TIPS Index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

The BoFA Merrill Lynch USD Libor 3 Month Constant Maturity Index is an unmanaged index of 3 month constant maturity dollar-denominated deposits derived from interest rates on the most recent available dollar-denominated deposits.

The BoFA Merrill Lynch 3-month US Treasury Bill Index is an unmanaged index which represents the performance of 3-month U.S. Treasury bills and it is based on a single issue held for a month, sold and then rolled into a new issue the next month.

The BoFA Merrill Lynch High Yield Bond Master II Index is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The BoFA Merrill Lynch 1-3 Year Treasury Index is a subset of the BoFA Merrill Lynch Treasury Master Index. The maturity range of these securities is from one to three years. This index is available on a monthly basis in price-only and total return versions. The value was set at 100 on 12/31/1975.

The BoFA Merrill Lynch 91 Day Treasury (Auction Rate) Index is an unmanaged index that reflects the total return of a hypothetical Treasury Bill with a discount rate equal to the average rate established at each of the auctions during a given month. The monthly return of this index is based on the assumption that the bill is held to maturity. Therefore, it represents a risk-free total return. The performance of the index does not reflect the deduction of expenses associated with a mutual fund, such as investment management fees.

The BoFA Merrill Lynch High Yield Europe Index is an unmanaged index that tracks the performance of below investment grade corporate bonds issued in the European Market.

The CBOE S&P 500 BuyWrite Index (BXMSM) is designed to represent a proposed hypothetical buy-write strategy.

The CISDM Trading Advisor Qualified Universe Index is a dollar weighted index that includes the performance of commodity trading advisors that have the objective of speculative trading profits.

The Citigroup Broad Investment-Grade Bond Index (BIG) (formerly Salomon Brothers BIG Bond Index) comprises all public, non-convertible fixed rate domestic debt of the U.S. government and its agencies, including GNMA, FNMA and FHCMC mortgage-backed bonds. Corporate bonds of industrial, utility and financial companies are also included. All bonds must have an outstanding par value of at least $75 million and a maturity of at least one year.

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Definitions and Additional Information

Indices are unmanaged and exclude expenses. An individual cannot invest directly in an index. The performance of equity and fixed income indices is based on the reinvestment of any dividends, capital gains, or interest income distributed on the underlying securities.

Benchmark Definitions (continued)

The Citigroup Corporate 1-10 Index is an unmanaged broad-based index of corporate bonds with maturities between 1 and 10 years.

The Citigroup Non-US World Global Bond Index is a market capitalization weighted benchmark that measures the performance of 19 government bond markets outside the US.

The Citigroup 1-5 Year U.S. Treasury Agency Index is an unmanaged index comprised of U.S. Treasury Notes and Agency securities with maturities of one year or greater, but less than five years.

The Citigroup 3 month T-Bill Index measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.

The Citigroup World Global Bond Index Hedged USD (WGBI) is a market-capitalization-weighted benchmark that tracks the performance of 19 government bond markets.

The Dow Jones-AIG Commodity Index (DJ-AIGCI) is a commodity price index composed of futures contracts on 19 physical commodities and designed to be a highly liquid and diversified benchmark for the commodity futures market.

The Dow Jones U.S. Utilities Sector Index is comprised of fifteen of the largest utilities companies in the United States.

The Dow Jones Transportation Average is the most widely recognized gauge of the transportation sector.

The Emerging Markets Bond Global Index tracks the total return for the U.S. dollar-denominated emerging markets debt, included Brady bonds, Eurobonds, and loans. It does not include fees or expenses.

The EONIA Total Return Index is a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

The Eureka Global Macro Fund of Funds Index tracks the performance of Macro funds of funds globally since 2000. The index is equally weighted and monthly index values are the respective mathematical means (average) of monthly returns of all constituents in the index at that time.

The FTSE XINHUA China 25 Index includes the largest 25 Chinese companies comprising H Shares and Red Chip Shares, ranked by total market capitalization.

The Goldman Sachs Commodity Index (GSCI) provides a reliable and publicly accessible investment performance benchmark. The Index’s components qualify for inclusion in the index based on liquidity measures and are weighted in relation to their global production levels.

The Goldman Sachs Natural Resource Index is a market capitalization-weighted index of 112 stocks designed to measure the performance of companies in the natural resources sector, which includes energy, precious metals, timber, and other sub sectors.

The Goldman Sachs Technology Composite Index is an equity benchmark for United States-traded, technology-related stocks. The Index includes companies in categories, such as producers of computer-related devices; electronics networking and Internet services; producers of computer and Internet software; consultants for information technology, and providers of computer services.

The HFRI Fund of Funds Conservative Index is an equally-weighted, unmanaged index comprised of domestic and offshore hedge fund of funds. FOFS classified as “Conservative” exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more ‘conservative’ strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.

The HFRI Fund of Funds Diversified Index is an equally-weighted, unmanaged index comprised of domestic and offshore hedge fund of funds. FOFS classified as “Diversified” exhibit one or more of the following characteristics: invests in a variety of strategies among multiple managers; historical annual return and/or a standard deviation generally similar to the HFRI Fund of Funds Composite Index; demonstrates generally close performance and returns distribution correlation to the HFRI Fund of Funds Composite Index.

The HFRI Fund of Funds Composite Index is an equally-weighted, unmanaged index comprised of domestic and offshore hedge fund of funds.

The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

The Ibbotson U.S. Treasury Bill Index is an unmanaged index that is generally considered representative of a portfolio of Treasury bills with less than a month left to maturity.

The iMoneyNet National Institutional Tax Free Index consists of all national tax-free and municipal institutional funds.

The iMoneyNet Stock Broker & General Purpose Index consists of all national tax free and municipal retail funds.

The J.P. Morgan Global High Yield Index is designed to mirror the investable universe of the U.S. dollar global high yield corporate debt market, including domestic and international issues.

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 Definitions and Additional Information

Indices are unmanaged and exclude expenses. An individual cannot invest directly in an index. The performance of equity and fixed income indices is based on the reinvestment of any dividends, capital gains, or interest income distributed on the underlying securities.

Benchmark Definitions (continued)

The J.P. Morgan Government Bond Index - Emerging Markets (GBI-EM) Global Diversified Index tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.

The J.P. Morgan Government Bond Index (Global) tracks the total returns of government issued bonds across 13 core countries weighted by market capitalization.

The Lipper Averages are the average level of performance for all mutual funds and exchange traded-funds, as reported by Lipper Analytical Services.

The MSCI All Country Asia ex-Japan Index measures Asian (ex-Japan) stock market performance and does not include fees or expenses.

The MSCI AC Far East Index offers exposure to companies within developed and emerging countries in the Pacific Rim area, including Japan.

The MSCI All Country World Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets.

The MSCI Brazil Index is designed to represent Brazilian equities that are available to non-domestic investors.

The MSCI China Free Index is designed to represent Chinese companies that are available to non-domestic investors.

The MSCI EAFE GDP Index is an unmanaged index generally representative of the performance of the international stock markets.

The MSCI Small Cap Index targets 40% of the eligible Small Cap universe within each industry group, within each country.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada.

The MSCI EAFE Value Net Index is unmanaged and is a representation (or model) of the performance of the value-oriented stocks in the world’s equity markets, excluding the U.S. and Canada. Total return figures assume the reinvestment of dividends.

The MSCI EM (Emerging Markets) Latin America Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in Latin America.

The MSCI Emerging Markets Equity Index measures emerging stock market performance and does not include fees or expenses.

The MSCI Europe Net Index is unmanaged and is a replica (model) of the performance of the European equity markets. Total return figures assume the reinvestment of dividends.

The MSCI Far East Index is a Morgan Stanley international index that includes stocks traded in Far East market, weighted by capitalization.

The MSCI Germany Index represents publicly traded securities in the German market.

The MSCI Growth Index covers the full range of developed, emerging and All Country MSCI Equity Indices.

The MSCI India Index is designed to represent Indian equities that are available to non-domestic investors.

The MSCI Japan Net Index is unmanaged and is a replica (model) of the performance of the Japanese equity market. Total return figures assume the reinvestment of dividends.

The MSCI Pacific ex Japan Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region excluding Japan.

The MSCI US REIT Index broadly and fairly represents the equity REIT opportunity set with proper investability screens to ensure that the index is investable and replicable.

The MSCI World Healthcare Index is a measure of the performance of the world health care market.

The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance.

The MSCI World Index Local Currency (Total Return Net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, without the associated sensitivity to currency movements accounting for the price movement of each security in its denomination (local) currency which effectively leaves aside the effect of foreign exchange.

The NAREIT Equity Index is an unmanaged index of publicly traded U.S., tax-qualified REITs that have 75% or more of their gross invested book assets invested in the equity ownership of real estate.

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Definitions and Additional Information

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Benchmark Definitions (continued)

The NCREIF Property Index is a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

The Nasdaq Composite Index is a broad market index that encompasses about 4,000 issues traded on the Nasdaq National Market—virtually every firm that trades on the exchange.

The NOMURA CEE Index broadly covers the main market stocks of 11 Central and East European countries.

The Russell 1000 Growth Index measures large cap growth stock performance. The index does not include fees or expenses.

The Russell 1000 Index is used as a representation of the performance of securities in the large capitalization equity securities universe.

The Russell 1000 Value Index measures the performance of large cap value stocks.

The Russell 1000 Value Index measures the performance of those securities in the Russell 2000 index with a greater-than-average growth orientation. Companies in this index generally have higher price-to-book and price/earnings ratios. The index is unmanaged.

The Russell 2000 Growth Index measures small company stock market performance. The index does not include fees or expenses.

The Russell 2000 Value Index consists of those securities in the Russell 2000 Index with a lower-than-average growth orientation. Companies in this index generally have lower price-to-book and price/earnings ratios. The index is unmanaged.

The Russell 2000 Growth Index consists of those securities in the Russell 2000 index with a greater-than-average growth orientation. Companies in this index generally have higher price-to-book and price/earnings ratios. The index is unmanaged.

The Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 16% of the total market capitalization of the Russell 3000 Index.

The Russell 2500 Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 2500 Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 3000 Index is used as a representation of the performance of U.S. Equity securities across all market capitalizations.

The Russell 3000 Value Index measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The Russell Microcap Index measures the performance of the microcap segment of the U.S. equity market, which consists of the smallest 1,000 securities in the small-cap Russell 2000 Index, plus the next 1,000 smallest eligible securities by market cap.

The Russell MidCap Growth Index measures mid cap stock performance. The index does not include fees or expenses.

The Russell MidCap Index measures mid cap stocks.

The Russell MidCap Value Index is an unmanaged index and is used as a representation of the performance of funds in the mid cap value securities universe.

The S&P 100 Index measures large cap company performance.

The S&P 1000 Index is a combination of the already widely followed S&P MidCap 400 and S&P SmallCap 600 indices, where the S&P MidCap 400 represents approximately 70% of the index and the S&P SmallCap 600 represents 30%.

The S&P MidCap 400 Index consists of 400 domestic stocks chosen for market size, liquidity and industry group representation.

The S&P 500 Index is an unmanaged broad-based index that is used as representation of the U.S. stock market. It includes 500 widely held common stocks. Total return figures reflect the reinvestment of dividends. "S&P500" is a trademark of Standard and Poor's Corporation.

The S&P 500/BARRA Growth Index is an unmanaged market-weighted index of companies with higher price-to-book ratios. It includes 500 widely held common stocks.


The S&P Small Cap 600 Index includes 600 stocks of U.S. small companies chosen for market size, liquidity, and industry group representation.

The S&P Small Cap 600/BARRA Growth Funds Index is a capitalization-weighted index of all the stocks in the S&P Small Cap 600 Index that have high price-to-book ratios.

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Definitions and Additional Information

Indices are unmanaged and exclude expenses. An individual cannot invest directly in an index. The performance of equity and fixed income indices is based on the reinvestment of any dividends, capital gains, or interest income distributed on the underlying securities.

Benchmark Definitions (continued)

The S&P Small Cap 600/BARRA Value Funds Index is an unmanaged index that tracks the performance of value stocks, as determined by low price-to-book ratios included in the S&P SmallCap 600 Index.

The S&P Europe 350 Index combines the benefits of representation with investability for the Europe region, spanning 17 exchanges.

The S&P Global Sector Indices represent the opportunity set of investable equities around the globe based on Global Industry Classification Standard’s (GICS) 10 Sectors. These indices are designed to offer increased diversification as well as opportunities to benefit from global exposure and currency movements.

The S&P MidCap 400/Barra Growth Index is a market capitalization-weighted index of the stocks in the S&P 400 Mid Cap Index having the lowest book to price ratios.

The S&P MidCap 400/Barra Value Index is a market capitalization-weighted index of the stocks in the S&P 400 Mid Cap Index having the highest book to price ratios.

The Strategic Policy Benchmark is comprised of one or more indices, based upon the investment mandate for the portfolio, and its components may change over time if the investment mandate changes. The benchmark will not be available (n/a) for any period prior to the mandate inception.

The Tokyo Stock Exchange (TOPIX) Index consists of over 1,500 of the most prestigious Japanese companies which are listed on the Tokyo Stock Exchange.

The US Cash Indices LIBOR Total Return 1 Month Index is generated using the theory that a basket of cash is invested daily at the prevailing Libor maturity rate. Interest is compounded daily for the Total Return series.
 Definitions and Additional Information

Indices are unmanaged and exclude expenses. An individual cannot invest directly in an index. The performance of equity and fixed income indices is based on the reinvestment of any dividends, capital gains, or interest income distributed on the underlying securities.

Statistical Definitions

Annual Percentage Yield (APY) is the rate earned if balances remain on deposit for a full year with compounding, there is no change in the interest rate, and all interest is left in the account.

CD is an abbreviated term denoting Certificate of Deposit.

Internal Rate of Return (IRR): This is the discount rate that equates the cost of an investment with the cash generated by the investment. IRR tracks the performance of actual dollars invested over time. The primary driver of the IRR is the amount and timing of cash inflows and outflows. Cash flow effects make comparisons to benchmarks inappropriate. Gross IRR does not reflect management fees, carried interest and fund expenses. Net IRR is after management fees, carried interest and fund expenses.

IRA is an abbreviated term denoting Individual Retirement Account.

Large-Capitalization (Large-Cap) Stocks are the stocks of companies with a market capitalization (the total value of a company’s outstanding stock) of more than $10.2 billion. This is Lipper’s market-capitalization breakpoint as of September 30, 2001, although it may be subject to change based on market fluctuations.

Lending Value is the percentage of the market value that can be applied to an asset to cover the collateral requirements of an exposure. Lending Values are based on purpose and non purpose exposure asset liquidity, market volatility, credit quality, credit history, and other risk factors.

Loans/Lines could include any of the following: revolving credit loans, term loans, lines of credit.

Medium-Capitalization (Mid-Cap) Stocks are the stocks of companies with a market capitalization (the total value of a company’s outstanding stock) between $2.4 billion and $10.2 billion. This is Lipper’s market-capitalization breakpoint as of September 30, 2001, although it may be subject to change based on market fluctuations.

Private Asset Line of Credit (PALOC) is a demand line of credit secured by a client’s unpledged investment accounts.

Small-Capitalization (Small-Cap) Stocks are the stocks of companies with a market capitalization (the total value of a company’s outstanding stock) of less than $2.4 billion. This is Lipper’s market-capitalization breakpoint as of September 30, 2001, although it may be subject to change based on market fluctuations.

Time-Weighted Return (TWR): The return produced over time by an investment independent of contributions or withdrawals. TWR measures the compounded rate of growth over a specified time period. TWR performance removes the impact of cash flows and, as a result, is widely accepted as the appropriate method of comparison for investment managers and market index returns. AIMR requires time-weighted returns.

Risk Measure Definitions

Alpha: A measure of the portfolio’s excess return relative to the return of the benchmark.

Annualized Volatility (Standard Deviation): As measured by standard deviation is a measure of return dispersion. To estimate this dispersion it is necessary to have a representative sample of observations.

Beta: A measure of the portfolio’s sensitivity to the benchmark.

Best Month: Highest monthly percentage return.

Correlation: A measure of directional co-movement between the portfolio and the benchmark. The range of possible correlations is between -1 and +1. A result of -1 means a perfect negative correlation and +1 means a perfect positive correlation.

Down Market Capture: A measure of the portfolio’s compound return compared with the benchmark’s compound return while the benchmark was down.

Information Ratio: A measure of value added by the manager. It is the ratio of excess return to tracking error.

Maximum Drawdown: Largest cumulative percentage loss experienced by the portfolio in consecutive months with negative return.

Sharpe Ratio: A measure of risk-adjusted performance, using the ML 3-Month T-bill for the risk-free rate.

Tracking Error: A measure of how closely the portfolio’s returns track the returns of a benchmark. It is the standard deviation of excess returns over a benchmark.

Up Market Capture: A measure of the portfolio’s compound return compared with the benchmark’s compound return while the benchmark was up.

Worst Month: Lowest monthly percentage return.

% of Positive Months: A measure of the number of times the portfolio had a positive return compared with the total number of returns to date.

Structured Investment Definitions

Annual Review Note (ARN) is automatically called and pays a fixed coupon after one year if the underlying has appreciated above its initial value. If markets are down at the review date, the note does not pay a fixed coupon, but instead remains outstanding until the subsequent review/maturity date.

Buffer: Protection against downside risk.

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Definitions and Additional Information

Structured Investment Definitions  (continued)

Buffered Return Enhanced Note (BREN) provides a defined amount of downside protection and an opportunity to earn double or triple the equity return potential up to a predetermined maximum return, in exchange for accepting a capped return and foregoing downside protection below the buffer zone.

Callable Contingent Note (CCN) gets called prior to maturity and receives its principal plus a return if the underlying trades above a specified level on observation day. The note also has a contingent buffer and chance at a small coupon if the underlying does not get called early and if the underlying trades between the coupon level and the buffer level. The buffer is monitored daily close-of-business.

Cap/Pmt: Ceiling set on return, combined with leverage to derive the max

Contingent Buffered Equity Note (CBEN) provides the opportunity to earn the better of the underlying performance up to a cap or a fixed coupon as long as the underlying does not decrease below the barrier level.

Credit Linked Note (CLN) offers a coupon payment that is linked to the performance of a reference asset and provides credit exposure by selling CDS.

Curve Steepener or Flattener, based on the relationship between two reference rates, offers a coupon payment that can be fixed or floating and is typically contingent on the reference rates being below or above a certain level. Typically, the reference rates are related to the interest rate yield curve.

Delta One (DO) offers one-for-one participation in the performance of the underlying and provides an additional coupon amount.

Dual Currency Note (DCN), after depositing a currency with a quoted strike and coupon, offers initial principal amount and coupon payment in either the deposited currency or the counter currency.

Dual Directional BREN (DD BREN) provides leveraged upside returns and the absolute value of downside returns up to a predetermined maximum, in exchange for accepting a capped upside return and foregoing downside protection below the buffer zone.

In First to Default Basket trades, investors earn (or pay) income to sell (or buy) protection on a basket of credit default swaps (CDS), with the trade terminating upon the first credit event or after a fixed term (typically five years) if there are no credit events. These trades are leveraged.

Floating-Rate Note (FRN) offers a variable coupon that resets periodically against the underlying. Some FRNs have special features such as maximum or minimum coupons, called Capped FRNs and Floored FRNs respectively. Those with both minimum and maximum coupons are called collared FRNs. Some FRNs have variable coupons that reset periodically against the inverse of a benchmark rate; these are called inverse floating rate notes.

Leverage: Magnification ratio of potential earnings.

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Market Plus Note (MPPLUS) provides the opportunity to earn the better of the underlying performance or a fixed coupon as long as the underlying does not decrease below the barrier level.

Max Return: Maximum return that can be earned on the security.

Max Note is a structure in which the interest rate is equal to the greater of several reference rates.

Principal-Protected Note (PPN) has a certain level of principal protection (typically 100% or 98%) and receives one-for-one participation on the upside up to a cap; can also be structured as uncapped with a lower amount of participation.

Range Accrual offers a coupon payment that is dependent on the reference rate falling within a particular range.

Return Enhanced Note (REN) offers double or triple the equity return potential up to a predetermined maximum return in exchange for accepting a capped return and no downside protection.

Reverse Convertible offers a coupon payment that is typically higher than the yield on a conventional debt instrument due to the risk that the investor could receive less than full return of his principal at maturity. If the price of the underlying is lower than the strike price, investors receive a predetermined number of shares of the linked asset or equivalent proceeds paid in cash at maturity in place of the principal amount to which they subscribed.

Review Note offers a fixed coupon payment and is automatically called if the underlying has appreciated above its initial value at the pre-determined review date. If the underlying does not appreciate above the strike level by the review date, the note does not pay a fixed coupon and remains outstanding until the next review date. These notes typically offer a defined amount of downside protection in exchange for accepting a capped return in the form of a fixed coupon payment. Depending on the frequency of review dates until maturity, these notes typically include Annual Review Notes, Semi-Annual Review Notes, Quarterly Review Notes, and Monthly Review Notes.

Rising Rate Note offers a coupon payment that is dependent on the increase in the underlying. These notes typically employ a leverage factor and may have a minimum and/or maximum coupon.

Semi-Annual Review Note (SARN) is automatically called and pays a fixed coupon after six months if the underlying has hit the strike level. If markets are down at the review date, the note does not pay a fixed coupon, but instead remains outstanding until the subsequent review/maturity date; there is a buffer at maturity.

Step-Up Note offers a coupon payment for an initial pre-determined time period and a second higher coupon payment after the initial time period. These notes typically contain callable features.
Definitions and Additional Information

Fixed Income Definitions

Complementary Fixed Income investments are used to complement an allocation to Core Fixed Income through opportunistic ideas that aim to enhance and diversify the sources of return as well as to capitalize on short-term market dislocations.

The Core Portfolio refers to a client’s long-term strategic fixed income allocation focusing on high quality diversified fixed income investments.

Escrowed to Maturity (ETM): Municipal bonds generally without a call feature and with sufficient funding held in an escrow account to pay debt-service requirements such as principal and interest up to the maturity date. The funds held in an escrow account are typically invested in U.S. Treasury and Agency securities.

Prerefunded: Municipal bonds generally with a call feature and with sufficient funding held in an escrow account to pay debt-service requirements such as principal, interest, and the call premium up to the call date. The funds held in an escrow account are typically invested in U.S. Treasury and Agency securities.

Short Term Ratings are given to debt instruments which have an original maturity of 12 months or under and reflect the issuers’ future ability to repay principal and pay interest on a timely basis. In some instances where accounts hold both long term and short term securities, we (the Private Bank) correlate the numerical rankings of short term ratings to long term ratings to provide our clients a uniform view of their credit quality exposure of all long term and short term securities held in their accounts.

Additional Definitions

Downside Protection: Provides cushion against loss that would result from a decline in a security or market.

LBO: Leveraged Buyout

VC: Venture Capital

Vintage Year: The year in which a private investment fund makes its first investment.

The Discretionary Portfolio Mandate (MND) is an outline of the philosophy and investment principles that will guide the investment management of the Client’s assets and is part of the Guidelines, as defined in the JPMorgan Private Bank General Terms for Accounts and Services or Investment Management Agreement(s).

The “Holistic Group” (HGP) provides a consolidated view of a Client’s wealth, including accounts managed by J.P. Morgan or third parties such as investment management, advisory, and separately managed accounts as well as accounts managed by the Client, such as brokerage accounts.

Value Definitions

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Valuations provided do not necessarily reflect a market price estimate on the date specified. Valuations may reflect price estimates on dates different from that indicated. J.P. Morgan’s Private Bank cannot guarantee that different prices would not be available elsewhere and suggest that several valuations from other sources be obtained for the purpose of making required calculations. You understand that these reports are provisional and are provided for informational purposes only.

You understand that only your regular printed statement constitutes an official record of your accounts with us.

CONTINUED ON NEXT PAGE
Definitions and Additional Information

Private Investments, Hedge Funds, Exchange Traded Funds, Real Estate and Other Alternative Assets

1. Direct private investments and pooled private investments (e.g., interests in limited partnerships and limited liability companies) are generally illiquid securities. Values are estimates only and are not warranted for accuracy or completeness. Values do not represent the actual terms at which transactions or securities could be bought or sold or new transactions could be entered into or the actual terms on which existing transactions could be liquidated as of the date of this statement. Direct private investments are generally valued at cost, unless there is an active secondary trading market in the securities, in which case, direct private investments are valued using market prices as of the close of the last business day for this statement period. Pooled private investments are valued according to the General Partner’s or Manager’s stated methodology. In general, pooled private investments are valued at cost unless a significant investment event occurs which mandates a revaluation of the investment. The valuation methodologies generally include an appraisal of the underlying assets at the lower of cost or a written-down amount, at a value at which third party financing has occurred, at a market price if an active secondary market develops, or at a value calculated by an independent party. Please refer to the limited partnership agreement, limited liability company agreement or other operative documentation for each investment for the specific valuation methodology used by the General Partner or Manager for that investment.

Pooled Private Investments and Real Estate "Estimated Market Value" are estimates based on the latest values received from each underlying fund, which value may be as of a date (underlying fund value date) prior to the period covered by this review. The values provided by the underlying fund have been adjusted for any cash flows between your account and such fund that have occurred subsequent to the underlying fund value date to derive the "Estimated Value." Therefore, such "Estimated Value" may not reflect the value of your interest shown on any fund’s actual books and records as of the date of this review. For additional information, please contact your J.P. Morgan Representative.

J.P. Morgan expressly disclaims any responsibility for (1) the accuracy of the information and the methodology used by the General Partner or Manager in deriving valuations, (2) any errors or omissions in compiling or disseminating the valuations, and (3) any use to which the valuations are put. Valuations are provided for information purposes only and are intended solely for your own use.

Hedge funds generally calculate the price (the "Net Asset Value" or "NAV"), 10-15 business days following the last business day of the month. For that reason, hedge fund NAVs shown will generally be the NAV of the month preceding this statement period. In general, the NAV is stated net of management and incentive fees. The NAV is calculated according to the General Partner’s or Manager’s stated methodology. Please refer to the limited partnership agreement, limited liability company agreement or other operative documentation for each hedge fund for the specific valuation methodology used by the General Partner or Manager for that hedge fund. Effective December 31, 2010, hedge fund prices are retroactively updated for prior months once final pricing is determined. Prior to December 31, 2010, the performance for hedge funds was priced on a one-month lag without retroactive updates.

For Exchange Traded Funds, the price (the "Net Asset Value "or "NAV") includes the value of any non-marketable securities that are valued monthly using a fair value methodology approved by the board of the Manager. The "Net Asset Value USD" reflects the line of credit used to finance the non-marketable securities, the non-marketable securities and the swap contracts used to mitigate the interest rate risk between the floating rate on the line of credit and the fixed rate of the non-marketable securities. The Fund can draw down on the line of credit to pay expenses and management fees at startup or in the event that the dividend income from the underlying securities cannot pay the expenses of the Fund.

This statement does not provide tax reporting on private investments. Please continue to rely upon the General Partner or Manager of the investment vehicle for this information. Prices, some of which are provided by pricing services or other sources which we deem reliable, are not guaranteed for accuracy or as realizable values.

2. The 'Capital Called Since Inception USD' and "Cash/Security distributions Since Inception USD" columns are updated monthly to reflect activity (capital calls and distributions), if any.

3. Hedge funds generally allow subscriptions on a monthly or quarterly basis. Your interest in a hedge fund or hedge fund of funds is generally as of the first business day of the subscription period. Due to early funding requirements by the applicable fund, your account may be debited for the subscription amount prior to the subscription date. Please refer to the applicable hedge fund’s operative documentation for further details.

CONTINUED ON NEXT PAGE
Definitions and Additional Information

IMPORTANT INFORMATION ABOUT ALTERNATIVE INVESTMENTS: FOOTNOTES 1 - 4

1. Hedge fund redemptions are generally on a monthly, quarterly or annual basis but can sometimes be subject to a multi-year lockup before a redemption is permitted. For redemptions, there is generally a notification period that can be a long interval before the actual redemption date. Redemption proceeds are generally paid 3-5 business days after the final NAV is issued, but can be subject to a holdback of a portion of the proceeds until an annual audit of the Fund has been completed. Please refer to the applicable hedge fund’s Operative documentation for further details.

2. For hedge funds, one of two methods will be used on this statement to report how incentive fees that may be owed to the General Partner or Manager are paid. The first method is called “Series of Shares and Consolidation Method” and will allocate a new series of the hedge fund at a par value (e.g. 1, 100 or 1000) for every subscription period during the year and a different NAV will be tracked for each series. At the end of the applicable incentive fee period (generally the end of the year), any series for which an incentive fee is payable (i.e., the fund has a net profit or is over the applicable “high water mark” and known as the “Consolidating Series”) will be incorporated with and consolidated as part of the earliest series issued by the fund in which an investor has subscribed for which an incentive fee is payable (the “Lead Series”). Investors holding shares in a Consolidating Series will have their shares redeemed from each of the Consolidating Series and simultaneously be issued additional shares of the Lead Series (based on the NAV of the Lead Series on the conversion date). Any series for which an incentive fee is not payable (i.e. the fund has a net loss or is not over the applicable “high water mark”) will remain as a separate series until the following incentive fee period ends (generally at year-end), when it will again be evaluated and consolidated as part of the Lead Series if the previously described criteria is met.

   The second method is called the “Equalization Method”. “Equalization” is an accounting methodology used to ensure that each investor in a hedge fund is paying his/her equitable allocation of incentive fees. Unlike the Series of Shares method, shares held by all investors are valued at the same NAV. The “Equalization Amount” reflects an amount deducted from the subscription amount in order to “equalize” the incentive fees among investors investing to the Fund in the current year.

   The “Equalization Factor” used to determine the Equalization Amount may vary among investors and depends on both the date at which an investor subscribes to the fund and the fund’s current level of performance. An investor who subscribes to a fund following the initial closing date will have an Equalization Amount. Effectively segregated from the subscription amount utilized to purchase shares. The Equalization Amount can change over time, depending on any new investors entering the fund as the amount is again “equalized” to ensure each investor has an equitable allocation of incentive fees. Note that a change in equalization over time can result in a negative Equalization Amount. A negative equalization amount implies a potential reduction in investor shares to pay incentive fees to the Manager.

3. There are two Equalization Methods commonly used today: “Redemption Method” or “Depreciation Method”. Under both methods, if the fund is up in value from its inception date and from the date in which an investor has invested at the end of the applicable period (generally year-end) the Equalization Amount is used by the Fund to issue additional shares to the investor. If the investor had invested in the fund when the fund is down in value from its inception date and the fund subsequently goes up in value (at or beyond the applicable high water mark), under the Redemption Method an investor’s shares will be redeemed to pay incentive fees owed to the manager. Under the Depreciation Method, an amount is deducted from the subscription amount and credited as a depreciation deposit which is then used to pay incentive fees owed to the General Partner or Manager on an ongoing basis. For additional information, refer to the hedge fund’s operating documents.

4. Alternative assets may include publicly available mutual funds that utilize non-traditional investment management strategies, for example, strategies commonly employed by hedge funds. Mutual funds generally calculate the price (the “Net Asset Value” or “NAV”) on a daily basis and mutual fund NAVs shown on your statement generally will be the NAV as of the close of the last business day for this statement period. Please refer to the applicable mutual fund prospectus for further details. If the applicable mutual fund is a JPM Fund, please refer to disclosures on this statement concerning JPMorgan Funds for other important information.

CONTINUED ON NEXT PAGE
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Conflicts of interest will arise whenever JPMorgan Chase Bank, N.A. or any of its affiliates (together, “J.P. Morgan”) have an actual or perceived economic or other incentive in its management of our clients’ portfolios to act in a way that benefits J.P. Morgan. Conflicts will result, for example (to the extent the following activities are permitted in your account): (1) when J.P. Morgan invests in an investment product, such as a mutual fund, structured product, separately managed account or hedge fund issued or managed by JPMorgan Chase Bank, N.A. or an affiliate, such as J.P. Morgan Investment Management Inc.; (2) when a J.P. Morgan entity obtains services, including trade execution and trade clearing, from an affiliate; (3) when J.P. Morgan receives payment as a result of purchasing an investment product for a client’s account; or (4) when J.P. Morgan receives payment for providing services (including shareholder servicing, recordkeeping or custody) with respect to investment products purchased for a client’s portfolio. Other conflicts will result because of relationships that J.P. Morgan has with other clients or when J.P. Morgan acts for its own account.

Investment strategies are selected from both J.P. Morgan and third-party asset managers and are subject to a review process by our manager research teams. From this pool of strategies, our portfolio construction teams select those strategies we believe fit our asset allocation goals and forward looking views in order to meet the portfolio’s investment objective.

As a general matter, we prefer J.P. Morgan managed strategies. We expect the proportion of J.P. Morgan managed strategies will be high (in fact, up to 100 percent) in strategies such as, for example, cash and high-quality fixed income, subject to applicable law and any account-specific considerations.

While our internally managed strategies generally align well with our forward looking views, and we are familiar with the investment processes as well as the risk and compliance philosophy of the firm, it is important to note that J.P. Morgan receives more overall fees when internally managed strategies are included. We offer the option of choosing to exclude J.P. Morgan managed strategies (other than cash and liquidity products) in certain portfolios.
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Performance reflects time-weighted rates of return shown gross of fees. Returns will be reduced by the fees charged. Fees are disclosed in the periodic account statements for each fund, in general, assets managed under the auspices of a fund. Fees charged for structured products, are derived from market values net of fund level fees. As with all historical performance reports, past performance is not predictive of future returns. The following is an example of the effect of compounded advisory fees over a period of time on the value of a client's portfolio: A portfolio with a beginning value of $100, gaining an annual return of 10% would grow to $259 after 10 years, assuming no fees have been paid out. Conversely, a portfolio that grows by gaining an annual return of 10%, but paying a fee of 1.5% per annum, would only grow to $223 after 10 years. The annualized returns over 10-year period would be 10.00% (gross of fees) and 8.35% (net of fees). If the fee in the above example were 0.50% per annum, the portfolio would grow to $247 after 10 years and return 9.45% net of fees. The fees were calculated on a monthly basis, which show maximum effect of compounding. Market prices are obtained from market standard pricing services or, in the case of less liquid securities, from brokers and market makers. J.P. Morgan makes no representations, warranty or guarantee, express or implied, that any quoted value necessarily reflects the proceeds that may be received on the sale of a security. Changes in market value of an adversely affected investment may have an adverse effect on the outcome. Premiums or discounts for fixed income securities may not be amortized or accreted. J.P. Morgan makes no representation or warranty as to the accuracy of any amortizations or accretions that are included in the reports. For all data, year to date information is calculated on a calendar year basis.

We believe the information contained in this material to be reliable but do not warrant its accuracy or completeness. Opinions, estimates, and investment strategies and views expressed in this document constitute our judgment based on current market conditions and are subject to change without notice. These materials should not be regarded as research or a J.P. Morgan research report. Opinions expressed herein may differ from the opinions expressed by other areas of J.P. Morgan, including research. The investment strategies and views stated here may
Treasury and investment management assessment process

Areas of project scope:

- Organizational Structure
- Governance, Policies, and Procedures
- Financial Controls and Compliance
- Cash Flow Forecasting
- Debt Management
- Investment Management
- Cash Management
- Technology
Executive summary of recommendations

► **Enhance governance** through refinement and creation of more comprehensive policies that reflect leading practices in investments, treasury, cash flow forecasting and liquidity management.

► **Leverage the organization** through funding and sharing of leading practices.

► **Develop longer term horizon cash flow forecasting capabilities** for the System and the campuses to more effectively plan for longer-term liquidity while being appropriately conservative and enable scenario planning.

► **Pursue improved investment returns** by reviewing allocations across all investment pools. Use a three part approach of “Quick hits,” “Close the gap,” and “Enhance long term allocations.”

► **Select and implement a Treasury Management System** to enhance financial controls, management reporting, debt tracking, cash flow forecasting and daily cash management activities.
Treasury maturity prioritization matrix
Timeline for implementation is potentially 3 to 30 months

Strategic opportunities

1. **Governance and control**: clarification and alignment of finance objectives and related policies & procedures across all campuses
2. **Treasury technology**: implementation of a Treasury Management System
3. **Investment management**: investment strategy and policy alignment; investment allocation adjustment
4. **Cash flow forecast / Cash & liquidity management**: implement long-term cash flow forecast to establish reserve requirements and liquidity needs, development of in-house bank.
5. **Management reporting**: automation of management reporting functionalities (aligned with treasury technology)
6. **Payment / collection**: further centralization and standardization of existing processes and structures
7. **Treasury organization**: institutionalization of finance departmental knowledge and processes; formalize training and resource planning
8. **Debt management and capital markets**: process documentation of existing debt management
9. **Bank account and relationship management**: analysis of banking relationships across all providers (cash management, credit, investment)
10. **Process performance**: development of key performance indicators

Impact & Benefit

Level of Effort

Business Benefit

Cost Level

Associated Risk Level

Implementation Resources

High

Low

Building blocks

Low

Medium

High
Current state assessment recap

<table>
<thead>
<tr>
<th>Governance and organizational structure</th>
<th>Treasury Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Overall strong finance leadership at System and campuses.</td>
<td>• UNTS does not have a Treasury Management System (TMS) resulting in:</td>
</tr>
<tr>
<td>• Opportunities exist to further align Finance functions.</td>
<td>➢ Manual processes in daily treasury activities, management reporting and maintaining historical data.</td>
</tr>
<tr>
<td>• UNTS Finance Organization would benefit from a clear vision and mission statement.</td>
<td>➢ Challenges in creating and updating a cash flow forecasting model.</td>
</tr>
<tr>
<td>• UNTS would benefit from increased clarity on investment strategy.</td>
<td>➢ Financial control exposures.</td>
</tr>
<tr>
<td>• Treasury procedures are not fully documented.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flow Forecasting, Debt Management, Liquidity and Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Limited long-term cash flow forecasting.</td>
</tr>
<tr>
<td>• UNTS would benefit from viewing portfolio construction and returns on a holistic basis.</td>
</tr>
<tr>
<td>• Long Term Pool (LTP) investment returns had cumulative underperformance vs. benchmarks from 2013-2015. Performance in 2016 has improved.</td>
</tr>
<tr>
<td>• Opportunities exist for scenario planning for global and economic risks.</td>
</tr>
<tr>
<td>• Opportunities exist to use investment portals with regard to the Short Term Pool (STP).</td>
</tr>
<tr>
<td>• Maintains leading practice for debt issuance and rating agency presentation reviews.</td>
</tr>
<tr>
<td>• UNTS could benefit from developing an automated tracking system for matching outstanding debt and related physical asset investments.</td>
</tr>
</tbody>
</table>
Treasury maturity assessment with example recommended state

Current maturity summary

- **Basic ~ Developing**
  - Treasury technology
  - Investment management
  - Process performance
  - Cash and liquidity management
  - Cash flow forecasting
  - Collections
  - Bank account and relationship management

- **Developing ~ Established**
  - Governance and control
  - Management reporting
  - Treasury organization

- **Established ~ Advanced**
  - Capital markets and debt management
  - Payments
Recommended treasury policy outline

► Introduction / Scope / Organization needs / Purpose
  o Reason for policy
  o Policy statement
  o Objectives of treasury organization

► Cash and liquidity management
  o Liquidity targets
  o Cash concentration guidance
  o Cash disbursement guidance
  o Cash controls
  o Covenant liquidity monitoring expectation

► Debt Management
  o Rating agency requirements
  o Borrowing decision guidance

► Cash flow forecasting
  o Forecasting objectives, time horizons, and frequency
  o Forecast procedure
  o Types of forecasting utilized
  o Acceptable methodologies and technology
  o Variance analysis

► Bank relationship management
  o Overview, authorization, objectives
  o Opening, closing, and maintenance of bank accounts
  o Organization's bank account structure
  o Bank relationship management protocols
  o RFP process

► Delegation of authority
  o Approval limits
  o Delegation of authority update requirements

► Treasury technology use
  o Permitted technology
  o Automated control requirements
  o Maintenance requirements

► Risk management
  o Defined key risks for organization
  o High level mitigating guidance
  o Derivatives guidance
  o Key risk reports used for mitigation

► Treasury continuity plan
Investment portfolios

**UNT System long term foundation managed funds portfolio**

- **Long Term Pool**
  - Managed by UNT Foundation
  - $134.6M

- **Endowments**
  - Managed by HSC Treasury
  - $43.1M

- **HSC Malpractice Fund, HSC Welch Fund, HSC TEF Fund**
  - Managed by HSC Treasury
  - $39.1M

**Non UNT System Assets**

- **UNT Foundation Fund**
  - Managed by UNTS Treasury
  - $100.5M

- **HSC Foundation Fund**
  - Managed by UNTS Treasury
  - $12.6M

- **UNT Dallas Foundation Fund**
  - Managed by UNTS Treasury
  - $437K

**Total**

- **$330.4M**

**Market value as of August 31, 2016**

---

**UNT System short term funds portfolio**

- **Cash Accounts**
  - Managed by UNTS Treasury
  - $31.4M

- **ST Investments**
  - Managed by UNTS Treasury
  - $176.2M

- **Debt Proceeds**
  - Managed by HSC Treasury
  - $5.9M

- **Cash**
  - Managed by HSC Treasury
  - $25.6M

**Total**

- **$239.3M**

---

**Managed by UNT Foundation**

- **Cash Accounts**
  - $31.4M

- **ST Investments**
  - $176.2M

- **Debt Proceeds**
  - $5.9M

**Total**

- **$233.3M**

---

**Managed by HSC**

- **Cash**
  - $25.6M

**Total**

- **$25.6M**

---

**Total**

- **$239.3M**
Three stages of investment allocation adjustments

<table>
<thead>
<tr>
<th>Quick hits</th>
<th>Close the gap</th>
<th>Enhance</th>
</tr>
</thead>
</table>
| • Maintain liquidity conservatism by moving funds from Short Term Pool (STP) to an Intermediate Pool (INT)  
• Intermediate Pool recommendation is fixed income with moderate duration (e.g. 2-4 years)  
• Reduce or eliminate bond portion of LTP as duplicative of STP and INT holdings and increase allocation to non-fixed income assets in LTP | • Increase yield/returns through enhanced STP and INT Fund management  
• Review performance to determine if gap is closing for non-fixed income assets vs. benchmarks  
• Consider increasing use of customized index funds to achieve benchmarks and reduce manager costs  
• Consider a University endowment complete outsourced full discretionary model | • Adjust pool allocations and portfolio construction based on enhanced Cash Flow Forecasting potentially increasing allocations to INT Pool and allocations to LTP Growth and non-fixed income assets  
• Maintain appropriate liquidity conservatism and projected Rating Agency thresholds |
### Investment strategy and policy alignment

Example future state with a new intermediate investment pool (UNTS Assets only)

<table>
<thead>
<tr>
<th>(in USD millions)</th>
<th>STP</th>
<th>UNT Endowment</th>
<th>HSC Malpractice</th>
<th>LTP Equity, Hedge Fund and Real Assets</th>
<th>Total^</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNT Cash</td>
<td>UNT Cash</td>
<td>STP Endowment</td>
<td>HSC Malpractice</td>
<td>LTP Equity, Hedge Fund and Real Assets</td>
<td>Total^</td>
</tr>
<tr>
<td>Assets 8/31/16 (1)</td>
<td>$31.40</td>
<td>$25.60</td>
<td>$182.10 (3)</td>
<td>$43.10</td>
<td>$39.10</td>
</tr>
<tr>
<td>5 year Benchmark Return</td>
<td>0.39% (2)</td>
<td>0.39% (2)</td>
<td>0.39% (2)</td>
<td>6.70% (4)</td>
<td>5.80% (5)</td>
</tr>
<tr>
<td>Example Earnings</td>
<td>$0.12</td>
<td>$0.10</td>
<td>$0.71</td>
<td>$2.89</td>
<td>$2.27</td>
</tr>
<tr>
<td>Example Assets</td>
<td>$50.00 (8)</td>
<td>$189.10 (9)</td>
<td>$43.10</td>
<td>$39.10</td>
<td>$0.00</td>
</tr>
<tr>
<td>Example Return^ (9)</td>
<td>0.39% (10)</td>
<td>3.74% (10)</td>
<td>6.70%</td>
<td>n/a</td>
<td>7.42%</td>
</tr>
<tr>
<td>Example Earnings</td>
<td>$0.20</td>
<td>$7.07</td>
<td>$2.89</td>
<td>$2.27</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

(1) UNTS Assets market value as of 8/31/16
(2) Average 5 year return of 3m USD Libor
(3) ST investment excludes an estimated $40 million of remittance to State in September. Also, includes $5.9 million of debt proceeds
(4) UNTF Strategic Benchmark 5 year return as of 8/31/16
(5) HSCF Benchmark 5 year return as of 8/31/16
(6) UNTF Fixed Income Benchmark 5 year return as of 8/31/16
(7) UNTF Equity, Hedge Fund, Real Assets weighted Benchmark 5 year return as of 8/31/16
(8) Estimated required liquidity of $50 million based on 2 year historic liquidity and covenant analysis
(9) Aggregate of current STP minus $50 million is reallocated to an Intermediate term pool
(10) Based on Bloomberg Barclay’s US Intermediate Credit Bond Index average 5 year return as of 8/31/16.

Note. EY does not recommend investment managers.
Recommendations and next steps

► Approve the change in the investment policies for the creation of an Intermediate Term Pool
  o Enable the System Administration to select and implement a fund manager(s).
  o Update investment policy statements
  o Initiate reallocation of the STP to the Intermediate Term Pool with consultation with the campus CFO’s.
  o Transition LTP to Growth Assets following implementation of the Intermediate Pool in consultation with the UNT Foundation.

► Conduct an off cycle, facilitated Finance Committee meeting in January
  o Discuss more detailed recommendations and timeline on:
    ▪ Cash Flow Forecasting
    ▪ Treasury Management System
    ▪ Expansion and development of policies on Investments, Cash Flow Forecasting, Liquidity and Treasury Activities
    ▪ Creation of an in-house bank
    ▪ Changes in banking structures
Appendix A. Investment management structure

- **Organization, policies, and procedures**: Committee and board structure including charter, oversight, regulatory compliance responsibilities and policy documentation
- **Program objectives**: Risk and return profile for the organization. Portfolio risk exposure and metrics. Liquidity profile.
- **Portfolio construction**: Determination of investment sectors, including fixed income and equity classes. Consideration of managed accounts
- **Investment managers**: Selection and review of all fund managers, including index, hedge funds, private equity and actively managed funds
- **Performance benchmarks**: Selection of appropriate market benchmarks and periodic reviews
- **Investment committee reporting**: Reporting systems, benchmarks and agendas for investment performance reviews
Appendix B. Investment performance benchmark considerations

Investment performance benchmarks

► Investment policy should adopt the following performance benchmarks for each asset class. Criteria for selection of a benchmark include:
  • **Unambiguous**: the names and weights of securities comprising the benchmark are clearly delineated.
  • **Investable**: the option is to forego active management and simply replicate the benchmark.
  • **Measurable**: it is possible to readily calculate the benchmark’s return on a reasonably frequent basis.
  • **Appropriate**: the benchmark is consistent with The Investment Committee’s investment preferences or biases.
  • **Specified in Advance**: the benchmark is constructed prior to the start of an evaluation period.
  • **Reflecting Current Investment Opinion**: investment professionals in the asset class should have views on the assets in the benchmark and incorporate those views in their portfolio construction.

Types of benchmarks

► There are a number of different benchmarks for assessing performance at the overall Fund level:
  • **Concentrated Benchmark**: this simple market benchmark helps to evaluate the value added from a sophisticated investment program versus a portfolio that could be easily replicated through investment in U.S. index funds.
  • **Strategic Target Benchmark**: this custom benchmark compares the total return of the Fund to a blended benchmark based on applying the target policy weights of each underlying asset class to the performance of the asset class benchmarks.
  • **Current Allocation Benchmark**: this benchmark is composed of the current allocations for each of the underlying composite asset classes weighted against the corresponding returns of their respective benchmarks.

Peer comparison

• **Universe of Endowment Pool Returns**: a universe of over 300 institutions, a broad peer universe against which the Committee compares the Fund’s return. In addition to this broad comparison, the Committee may also compare the Fund’s results to various subsets of this broad universe, which include institutions with similar characteristics.
Appendix C. Example of implementation timeline for approved recommendations

<table>
<thead>
<tr>
<th>Example of implementation</th>
<th>Quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Governance and control</td>
<td></td>
</tr>
<tr>
<td>2 Treasury technology</td>
<td></td>
</tr>
<tr>
<td>3 Investment management</td>
<td></td>
</tr>
<tr>
<td>4 Cash flow forecast</td>
<td></td>
</tr>
<tr>
<td>5 Treasury organization</td>
<td></td>
</tr>
<tr>
<td>6 Debt management and capital markets</td>
<td></td>
</tr>
<tr>
<td>7 Bank account and relationship management</td>
<td></td>
</tr>
<tr>
<td>8 Payment / collection</td>
<td></td>
</tr>
<tr>
<td>9 Management reporting</td>
<td></td>
</tr>
<tr>
<td>10 Process performance</td>
<td></td>
</tr>
</tbody>
</table>

- a: System selection / Step 1: Quick hit / Step 2: Close the gap / Step 3: Enhance (see page 9 for definitions)
Appendix D. UNTS Treasury key stakeholders and external relationship map

Universities/Entities
- HSC
- Dallas
- Denton
- System Administration

Board of Regents
- UNTS Treasury
- Dallas Foundation
- UNT Foundation
- HSC Foundation

Cash management & investment management
- Wells Fargo
- JPMorgan Chase & Co.

Local Government Investment Pool
- Texas Pool/Star/Term
- Underwriters
- Financial Advisors / Bond Counsel
- First Southwest Company
- McCall, Parkhurst & Horton L.L.P.

Rating agencies
- Fitch Ratings, Inc.
- Moody’s Investors Service, Inc.
### Appendix E. Investment strategy and policy alignment

**UNTS investments asset allocation**

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Assets</th>
<th>Avg. of 812 University endowments FY2015 (1)</th>
<th>Avg. of 261 University endowments $101 – 500M FY2015 (2)</th>
<th>UNT FF June 2016 (3)</th>
<th>HSC FF June 2016 (3)</th>
<th>UNTS FF &amp; HSC FF June 2016 (3)</th>
<th>UNTS (LTP &amp; STP) June 2016 (4)</th>
<th>UNTS policy</th>
<th>HSC policy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Growth Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Equity</td>
<td>16%</td>
<td>23.8%</td>
<td>27%</td>
<td>33%</td>
<td>36%</td>
<td>34%</td>
<td>20%</td>
<td>60%</td>
<td>50-70%</td>
</tr>
<tr>
<td>Global Equity</td>
<td>19%</td>
<td>25%</td>
<td>21%</td>
<td>27%</td>
<td>25%</td>
<td>27%</td>
<td>16%</td>
<td>30%</td>
<td>20-40%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>10%</td>
<td>9.3%</td>
<td>5%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>10%</td>
<td>5-15%</td>
</tr>
<tr>
<td>Emerging/Non-traditional Equity</td>
<td>7%</td>
<td>9%</td>
<td>4%</td>
<td>3%</td>
<td>n/a</td>
<td>2.5%</td>
<td>1.5%</td>
<td>13%</td>
<td>0-15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53%</td>
<td>67%</td>
<td>57%</td>
<td>63%</td>
<td>61%</td>
<td>64%</td>
<td>38%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk Reduction Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td>11%</td>
<td>14.1%</td>
<td>14%</td>
<td>20%</td>
<td>34.5%</td>
<td>22%</td>
<td>13.3%</td>
<td>30%</td>
<td>20-40%</td>
</tr>
<tr>
<td>Hedge Fund, Managed Futures</td>
<td>20%</td>
<td>0%</td>
<td>17%</td>
<td>9%</td>
<td>n/a</td>
<td>8%</td>
<td>4.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31%</td>
<td>14.1%</td>
<td>31%</td>
<td>29%</td>
<td>34.5%</td>
<td>30%</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Inflation Protection Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Real Est.</td>
<td>6%</td>
<td>15.4%</td>
<td>3%</td>
<td>2.2%</td>
<td>n/a</td>
<td>2%</td>
<td>1.1%</td>
<td>10%</td>
<td>5-15%</td>
</tr>
<tr>
<td>Commodities, Nat. Resources</td>
<td>7%</td>
<td>4%</td>
<td>5.7%</td>
<td>n/a</td>
<td>5%</td>
<td>2.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13%</td>
<td>15.4%</td>
<td>7%</td>
<td>7.9%</td>
<td>0%</td>
<td>7%</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Short-term</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MM/MF, HY, Cash</td>
<td>4%</td>
<td>3.4%</td>
<td>5%</td>
<td>.5%</td>
<td>4.5%</td>
<td>1%</td>
<td>40.7%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

(1) Study of endowment for over 812 Universities by National Association of College and University Business Center (NACUBO)
(2) Texas A&M investments include non-endowment and endowment funds
(3) UNT FF and HSC FF include endowments and long-term investment pools
(4) Columns to left do not contain their respective primary short-term investment pools
Appendix F. UNT LTP and STP direct comparison with Texas Universities

In USD millions

<table>
<thead>
<tr>
<th>Horizon</th>
<th>Category</th>
<th>UNTS FY 2015*</th>
<th>% of Total asset</th>
<th>Univ. Houston System FY 2015*</th>
<th>% of Total asset</th>
<th>Texas Tech System FY 2015*</th>
<th>% of Total asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 12 months</td>
<td>Operating accounts</td>
<td>$164</td>
<td>9%</td>
<td>$133</td>
<td>4%</td>
<td>-$6</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>FI Money Market, Bond Mutual Fund</td>
<td>$133</td>
<td></td>
<td>$133</td>
<td>4%</td>
<td>-$6</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>TexasPool/Star/Term</td>
<td>$83</td>
<td>5%</td>
<td>$81</td>
<td>3%</td>
<td>$22</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents</td>
<td>$247</td>
<td>13%</td>
<td>$485</td>
<td>16%</td>
<td>$91</td>
<td>5%</td>
</tr>
<tr>
<td>Less than 5 years</td>
<td>Intermediate term investments</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - 10+yrs</td>
<td>Long term investments including endowment and non endowment funds</td>
<td>$215</td>
<td>12%</td>
<td>$762</td>
<td>26%</td>
<td>$789</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Total Balance Sheet Assets</td>
<td>$1,727</td>
<td>100%</td>
<td>$2,972</td>
<td>100%</td>
<td>$1,981</td>
<td>100%</td>
</tr>
</tbody>
</table>

- University of Houston and Texas Tech University both have an intermediate pool with time horizon from 1 – 5 years
- University of Houston and Texas Tech University have larger endowment funds and long term pool
- Texas Tech University maintains low cash balance

* Information obtained from publicly released financial statements of respective Universities’ and their investment policies.
### Cash flow forecasting

| A. Utilize cash flow forecasting to identify working capital needs and reserve targets: |
| Conduct distribution review, peer group analysis, determine target size that can enable distribution |

| B. Utilize cash flow forecasting to enable allocation to short-term pool, intermediate pool, and long term pool: |
| Include as cash flow forecasting objective and define desktop procedure |

| C. Identify cash flow forecasting calibrators: |
| Identify and leverage calibrators such as enrollment forecast, capital investments, procurement forecasts, credit and collections forecasts |

| E. Document sources and procedures for collecting forecasting inputs: |
| Memorialize process to collect bank transactions and balances, projected AP disbursements, investment results, etc |

| F. Leverage cash flow forecasting technology: |
| Minimize use of complex manual spreadsheets by leveraging a treasury management system to perform cash flow forecasting |

| G. Perform variance analysis and monitor improvement in accuracy: |
| Forecast versus actual results should be analyzed periodically and should revisit assumptions and inputs as needed. |

| H. Develop "early warning" indicators of liquidity issues (excess & shortage): |
| Define red flags or threshold that trigger alerts for liquidity concerns depending on seasonality and cash needs |

### Liquidity management

| A. Enhance daily visibility of cash by utilizing treasury technology: |
| Minimize use of manual processes by leveraging treasury work station for real-time daily cash positioning and monitoring |

| B. Document daily, weekly, monthly, and quarterly cash management roles and responsibilities: |
| Memorialize current routine processes and develop desktop procedures |

| C. Analyze and monitor bank fees and establish review criteria: |
| Rationalize bank fees with dollars and not account balances |

| E. Continue to maintain segregation of duties for all cash management activities: |
| Identify segregation of duties violation and establish mitigating controls to minimize risk of fraud |

| F. Leverage investment portal technology for real-time access to reporting and pool administration: |
| Create convenient administrative access to money markets and short-term pools |

| G. Centrally monitor and manage bank credit cards fees incurred from revenue collection: |
| Credit card fees charged to UNTS by customer and student payments should be centrally managed and monitored by UNTS treasury who has relationships with the banks and identify the potential for fee reduction opportunities. |

### Treasury technology

| A. Enhance daily visibility of cash by utilizing treasury technology: |
| Minimize use of manual processes by leveraging treasury work station for real-time daily cash positioning and monitoring |

| B. Document daily, weekly, monthly, and quarterly cash management roles and responsibilities: |
| Memorialize current routine processes and develop desktop procedures |

| C. Analyze and monitor bank fees and establish review criteria: |
| Rationalize bank fees with dollars and not account balances |

| E. Continue to maintain segregation of duties for all cash management activities: |
| Identify segregation of duties violation and establish mitigating controls to minimize risk of fraud |

| F. Leverage investment portal technology for real-time access to reporting and pool administration: |
| Create convenient administrative access to money markets and short-term pools |
## Appendix H. Intermediate pool considerations

<table>
<thead>
<tr>
<th>Time Horizon</th>
<th>Programs</th>
<th>Example allocation ranges</th>
<th>Targets</th>
<th>Liquidity</th>
<th>Withdrawal availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term: less than 1 year</td>
<td>Operating accounts, Money Funds - Gov Sec. Prime Funds</td>
<td>$40M – 60M (a) (Allocation to be determined based on successful CFF, identify liquidity needs and corresponding maturity of investments)</td>
<td>8 months T, investment grade or better</td>
<td>Assets needed on a daily basis – safety and liquidity</td>
<td>Asset available for daily use</td>
</tr>
<tr>
<td>Intermediate term: less than 5 years</td>
<td>High Quality and Short Duration FI</td>
<td>$187M – 207M</td>
<td>2 year T, investment grade or better</td>
<td>Contingency – assets not expected to be needed over one to 5 years</td>
<td>Asset will be liquid within X business days or less</td>
</tr>
<tr>
<td>Long-term: greater than 5 years</td>
<td>Long-term pool, endowments, Foundation funds</td>
<td>$XXX - XXX</td>
<td>UNTS &amp; HSC Foundation strategic benchmarks</td>
<td>Core – assets not expected to be needed over the three to five years</td>
<td>Asset will be liquid within XX business days or less</td>
</tr>
</tbody>
</table>

- Set restrictions on maximum draw down to be no more than x% quarterly and y% annually
- Intermediate-Term Investment’s objective is to produce a total return in excess of the target (e.g., Bloomberg Barclay’s US Intermediate Credit Bond Index) and attaches a greater emphasis to its goal of generating a higher income yield than short term money market investments in the Short-term investment program.

(a) based on historical cash needs in June. Need to maintain sufficient cash in Sept and January for state tuition payment.
Crime Statistics and Safety Issues on Campus

Presented by: Ed Reynolds, Chief of Police, University of North Texas
Maureen McGuinness, Ed.D., Dean of Students, University of North Texas
Date: November 17-18, 2016
UNT Police Department

• 45 Sworn Police Officers and 9 Communications Officers licensed by the Texas Commission on Law Enforcement (TCOLE)

• Accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA) and the International Association of Campus Law Enforcement Administrators (IACLEA) since 2006
  • Only 6% of all law enforcement agencies nationwide are accredited
  • Only 22 University/College police departments are accredited by both IACLEA and CALEA out of over 5,000 institutions

3 Divisions

• Operations
• Criminal Investigation Division (CID)
• Administrative Services
Police Services

• 24/7/365 Patrols
  • Foot/Bike/ATV/Vehicle
• Community Policing
• Video Surveillance
• Emergency Phones – 79 on campus
• Alarm Monitoring – 309 burglar and panic alarms
• Building Security Assessments
Emergency Preparedness Training

• Emergency Readiness Training

• Campus Safety and Security Seminars

• New Student/Faculty/Employee Orientation Training

• The above training topics cover:
  • Active shooter
  • Handling disruptive individuals
  • Medical and fire emergencies
  • Sexual assault and bystander intervention
  • Campus carry
  • Clery Act reporting requirements
Clery Act

- History of the Clery Act
- Campus Security Authority
- Geography
- Crime Statistics
- Daily Crime and Fire Logs
- Emergency Notification and Timely Warnings
- Annual Security Report
## Clery Act Crimes for UNT

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murder/Non-negligent Manslaughter</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Manslaughter by Negligence</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rape</td>
<td>7</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Fondling</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Incest</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Statutory Rape</td>
<td>3</td>
<td>0</td>
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<tr>
<td>Sex Offenses, Forcible</td>
<td>0</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Sex Offenses, Non-Forcible</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Robbery</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Aggravated Assault</td>
<td>4</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Burglary</td>
<td>15</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>Arson</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Motor Vehicle Theft</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Dating Violence</td>
<td>11</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Domestic Violence</td>
<td>5</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Stalking</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Liquor Law Violations</td>
<td>204</td>
<td>139</td>
<td>147</td>
</tr>
<tr>
<td>Drug Violations</td>
<td>200</td>
<td>191</td>
<td>144</td>
</tr>
<tr>
<td>Weapons Violations</td>
<td>7</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Alcohol</td>
<td>132</td>
<td>134</td>
<td>208</td>
</tr>
<tr>
<td>Drug Violations</td>
<td>33</td>
<td>66</td>
<td>72</td>
</tr>
<tr>
<td>Weapons Violations</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>
CARE Team

• Representatives from DOS, Police, Counseling, Housing, Academic Affairs, Conduct, and Human Resources

• Meet to discuss UNT Community members who may be a threat to self or others

• Assists in protecting health, safety and welfare of the UNT Community

• Support student and employee success

• Comprehensive response to individuals whose behavior is disruptive to themselves or the educational environment

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Referrals</td>
<td>280</td>
<td>140</td>
<td>188</td>
<td>229</td>
<td>143</td>
<td>115</td>
</tr>
</tbody>
</table>
Student Conduct

• The Code of Student Conduct defines:
  • Prohibited behavior
  • How reports of misconduct are investigated
  • Sanctions

• Applies to conduct on and off campus

• Students are accountable to both the law (police & courts) and university policy
## Student Conduct

Referrals for Student Conduct (on and off campus)

<table>
<thead>
<tr>
<th></th>
<th>AY 2017 to date</th>
<th>AY 2016</th>
<th>AY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol</td>
<td>131</td>
<td>304</td>
<td>365</td>
</tr>
<tr>
<td>Drugs</td>
<td>36</td>
<td>197</td>
<td>213</td>
</tr>
<tr>
<td>Theft</td>
<td>11</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Assaults</td>
<td>5</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Weapons</td>
<td>0</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Sexual Misconduct/Intimate Partner Violence</td>
<td>27</td>
<td>73</td>
<td>18</td>
</tr>
<tr>
<td>Total of ALL Referrals</td>
<td><strong>210</strong></td>
<td><strong>634</strong></td>
<td><strong>693</strong></td>
</tr>
</tbody>
</table>
Crime Statistics and Safety Issues on Campus
Police Profile

• 5 sworn police officers
• 1 approved, full-time position pending
• 2 student workers
• 1 administrative staff position
• Maintain police presence when campus open
  ➢ Transitioning to 24/7 campus by summer 2017
• Mutual aid agreement with Dallas Police Department

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>On Campus (Includes COL 9/1/15-12/31/15)</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Burglary of a Building</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Public Property</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>DPD Drug Arrest</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>
Low Crime Rate/Statistics

• Visible law enforcement presence on campus
• Private security provided for college of law location supported by UNT Dallas
• Campus relatively small, isolated, criminal or inappropriate behavior hard to conceal
• One-way ingress and egress (excluding DART)
• Non-traditional student population
• No residential living facility
• Suspicious activity/persons reported in timely manner
Current Safety and Security Initiatives

• Police patrols
• Expanding police presence
• Escort to and from parking and DART station, when requested
• Campus wide video surveillance
• Enhanced parking lot lighting
• DART pathway lighting, cameras, emergency phone
• Campus wide code blue emergency phones
• Emergency preparedness training (i.e. active shooter)
Current Safety and Security Programs

• Bystander intervention training
• QPR (Question, Persuade, Refer) – Suicide Prevention
• Rape Aggression Defense Training
• Alcohol EDU – online drug and alcohol prevention
• HAVEN – online sexual assault/sexual education and awareness
• Additional Title IX annual campaign activities
Future Safety and Security Challenges

• Rapidly growing and traditional student body
• Residential hall
• DART station
• Ongoing construction
• Open campus exposure
• Increased campus awareness and activities
• Expanded responsibilities when COL building is open
Community Standards

- The code of conduct...
  - defines parameters for prohibited behaviors
  - identifies processes to ensure due process
  - promotes a culture of accountability and integrity for on campus and off campus behavior
  - aligns student accountability with community expectations (university policy) and local/state law
## Campus Crime Statistics

<table>
<thead>
<tr>
<th>Totals for Years:</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murder (Inclusion non-negligent manslaughter)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Negligent Manslaughter</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sex Offenses (rape, sodomy, sex assault with object, fondling)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Sex Offenses, Non Forcible (incest and statutory rape)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Robbery</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aggravated Assault</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>Burglary/Habitation</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Burglary/Building</td>
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<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Motor Vehicle Theft</td>
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<td>0</td>
</tr>
<tr>
<td>Larceny/Theft</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Simple Assault/Intimidation</td>
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<td>0</td>
<td>0</td>
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</table>

<table>
<thead>
<tr>
<th>Totals for Years:</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destruction, Damage or Vandalism of Property</td>
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<td>0</td>
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</tr>
<tr>
<td>Dating Violence</td>
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</tr>
<tr>
<td>Stalking</td>
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<td>0</td>
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</tr>
<tr>
<td>ARRESTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquor Law Arrests</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Drug Law Arrests</td>
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<td>2</td>
</tr>
<tr>
<td>Weapons Law Arrests</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>NON-ARREST CAMPUS REFERRALS</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Liquor Law Violations</td>
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<td>1</td>
</tr>
<tr>
<td>Drug Related Violations</td>
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<td>0</td>
</tr>
<tr>
<td>Weapons Possession</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Jaguar Campus Assessment Response and Education (CARE) Team

• Assists in the oversight of individual and group health, safety and well being
• Engages in risk assessment to address disruptive behavior inside and outside the classroom
• Participants include student affairs, academic affairs, community standards, campus Police department, counseling and division of student access and success

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Referrals</td>
<td>12</td>
<td>41</td>
<td>23</td>
</tr>
</tbody>
</table>
Crime Statistics and Safety Issues on Campus

Presented by: Matt Moncus, Safety Director
Dr. Trisha Van Duser, Executive Director, Student Services & Title IX Coordinator

Date: November 17-18, 2016
Police Department

- **13** Sworn Police Officers
- **4** Communications Officers
- Accredited by the CALEA & IACLEA since **2012**

3 Divisions

- Operations / K9
- Parking Services
- Administrative Services
Police Services

• **24/7/365** Patrols

• Community Policing

• Emergency Phones – **30** on campus

• Video Surveillance – **140** interior cameras & **22** exterior cameras

• My PD Mobile App – **140** subscribers

• Facebook – **230** followers
Training

- Active Shooter
- Clery Act
- Handling Disruptive Individuals
- Minors on Campus
- Sexual Assault & Bystander Intervention
Non-Campus

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggravated Assault</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Burglary</td>
<td>3</td>
<td>8</td>
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<tr>
<td>Drug Abuse Disciplinary Referrals</td>
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<td>2</td>
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<tr>
<td>Liquor Law Arrests</td>
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<td>6</td>
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<tr>
<td>Liquor Law Disciplinary Referrals</td>
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<td>Robbery</td>
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<tr>
<td></td>
<td>2014</td>
<td>2015</td>
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<tr>
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<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Burglary</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Liquor Law Disciplinary Referrals</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Motor Vehicle Theft</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Stalking</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>
Prevention

- Mandated Employee Training
- Employee Assistance Program
- CARE Team
- Technology
- Cultural Change
Title: Approval to Request to Exceed the Full-time Equivalent Limitation for Fiscal Year 2017

Background: Limitations on full-time equivalent (FTE) employees paid by appropriated funds ("FTE cap") are established every two years by the State Legislature in the General Appropriations Act. Components of the UNT System operate using both appropriated funds and non-appropriated funds and pay employees out of both, but FTE caps were not adjusted to reflect the mix and use of different sources of funding.

Article IX, Section 6.10 of the General Appropriations Act requires a governing board to submit a request to the Governor and Legislative Budget Board annually if a component of the System anticipates exceeding the FTE cap by the lesser of 110 percent or 50 FTE.

UNT anticipates exceeding its FTE cap by 146.6 in FY2017. The addition is primarily due to an increase of approximately $8 million per year over the prior biennium in State Appropriations. While State Appropriations increased, the FTE cap was not adjusted to reflect the increase in the appropriation. The expected increase in FTEs is primarily a result of the increased funding items that support Instruction.

Financial Analysis/History:

The recommendation to report and request to exceed FTE caps has no fiscal impact; exceeding FTE limitations is a product of existing state appropriations.

Legal Review:

This item has been reviewed by General Counsel.

Schedule: A letter will be sent to the Governor and Legislative Budget Board immediately upon approval.
**Recommendation:** That the Board of Regents approve the request to exceed the FTE cap in FY 2017.

**Recommended By:** Janet Waldron
Vice Chancellor for Finance

**Attachments Filed Electronically:**
- Fiscal Year 2017 Request to Exceed Full-time Equivalent (FTE) Limitation on Appropriated Funds
Title: Approval to Request to Exceed the Full-time Equivalent Limitation for Fiscal Year 2017

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, state law requires a governing board to submit a request to exceed the General Appropriations Act limitation on full-time equivalent employees paid by appropriated funds to the Governor and Legislative Budget Board if it is anticipated that the limitation will be exceeded,

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

1. Submission of a request to the Governor and Legislative Budget Board detailing UNT's anticipated exceeding the fiscal year 2017 limitation on full-time equivalent employees paid by appropriated funds.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:                     Approved By:

__________________________________________  ________________________________
Rosemary R. Haggett, Secretary      Brint Ryan, Chairman
Board of Regents                   Board of Regents
University of North Texas System
Fiscal Year 2017 Request to Exceed Full-time Equivalent (FTE) Limitation on Appropriated Funds

<table>
<thead>
<tr>
<th>Request to Exceed the Cap - By Institution</th>
<th>FY2017 Cap</th>
<th>Rider Allowance (lesser of 10% or 50)</th>
<th>Cap + Rider Allowance</th>
<th>Faculty</th>
<th>Staff</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of North Texas</td>
<td>2,401.5</td>
<td>50.0</td>
<td>2,451.5</td>
<td>16.0</td>
<td>130.6</td>
<td>146.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source of Funds, Justification and Explanation</th>
<th>Faculty</th>
<th>Staff</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of North Texas</td>
<td>16.0</td>
<td>130.6</td>
<td>146.6</td>
</tr>
</tbody>
</table>

Requested Increase Above the Lesser of 110% of the Institution FTE Cap or Institution FTE Cap Plus 50 FTEs

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Justification and Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education &amp; General (General Revenue and Statutory Tuition)</td>
<td>The addition is primarily due to an increase of approximately $8 million per year over the prior biennium in State Appropriations. While State Appropriations increased, the FTE cap was not adjusted to reflect the increase in the appropriation. The expected increase in FTEs is primarily a result of the increased funding items that support Instruction.</td>
</tr>
</tbody>
</table>

In accordance with Article IX, Section 6.10(a)(2), this request is to exceed the lesser of one hundred and ten percent (110%) of the institution FTE cap or institution FTE cap plus fifty FTEs.
Interim Financing
Extendible Commercial Paper (ECP)

Authorizing a $75 million ECP program will accommodate Capital Improvement Plan without tying up more liquidity

- Existing Commercial Paper (CP) program reduced from $100 million to $75 million
- Add $75 million ECP program to increase total CP capacity to $150 million
- ECP requires no liquidity support
- Subject to Attorney General approval

Extendible Commercial Paper provides the optimal method to increase interim financing capacity while reducing liquidity support requirements
We’ve been here before

- “It’s like déjà vu all over again” – Yogi Berra
- ECP was authorized by the Board February, 2014
- Current debt policy reflects 2014 approvals
Current CIP* exceeds current CP capacity
Extendible Commercial Paper explained

• Functions like traditional CP through initial maturity date
  • Expected to trade within 5-15 bps above CP
• Options at initial maturity:
  • Roll to new “initial maturity” date
  • Retire / refund
  • Extend to Extended Maturity date (270 days after initial issue date) at higher interest rate
• If ECP is extended, it becomes callable at any time with at least five days notice
• Instead of liquidity support, buyer security exists in UNTS ability to issue refunding bonds
  • 25th Supplemental Resolution
Extending incurs higher interest rate

<table>
<thead>
<tr>
<th>Type of ECP</th>
<th>Interest Rate Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax-Exempt</td>
<td>Greater of (SIFMA + E) or F</td>
</tr>
<tr>
<td>Taxable</td>
<td>Greater of (LIBOR + E) or F</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fitch</th>
<th>Moody’s</th>
<th>S&amp;P</th>
<th>E Variable</th>
<th>F Variable</th>
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<tbody>
<tr>
<td>*F-1+</td>
<td>*P-1</td>
<td>A-1+</td>
<td>250 bps</td>
<td>7.00%</td>
</tr>
<tr>
<td>F-1</td>
<td>-</td>
<td>A-1</td>
<td>350 bps</td>
<td>7.50%</td>
</tr>
<tr>
<td>F-2</td>
<td>P-2</td>
<td>A-2</td>
<td>550 bps</td>
<td>8.00%</td>
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<tr>
<td>Lower ratings</td>
<td>Lower ratings</td>
<td>Lower ratings</td>
<td>Max Rate</td>
<td>Max Rate</td>
</tr>
</tbody>
</table>

* Current UNTS short-term credit ratings
Action items before the Board

24th Supplemental Resolution

1. Authorizes $75 million ECP Program
2. Reduces current CP Program from $100 to $75 million
3. Appoints Morgan Stanley as ECP dealer (same as 2014)
4. Appoints U.S. Bank NA as Issuing and Paying Agent

25th Supplemental Resolution

Authorizes Vice Chancellor for Finance to issue up to and including $75 million in refunding bonds

Regents Rule 10.300

1. Reduces overall CP capacity from $200 to $150 million
2. Restricts dollar amount of maturing paper
3. Clarifies budget expectations for projects financed by CP
Interim financing needs effectively met

**ECP fills a need in accommodating a significant capital plan while allowing for reduced self-liquidity coverage**

- CP capacity in policy reduced by $50 million
- Interim financing capacity increased by $50 million
- Self-liquidity requirements reduced by $30 million

Reducing the System’s self-liquidity requirements will help the ongoing efforts to be more effective in maximizing investment earnings without incurring significant risk.
Title: Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing
the University of North Texas System Revenue Financing System Commercial
Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable
Commercial Paper Notes; and Approving and Authorizing Instruments and
Procedures Relating Thereto

Background:
The University of North Texas System has many active capital projects and a significant number
starting which were approved by the Board on August 18, 2016 in the FY 2017 Capital
Improvement Plan. To meet the cash needs of capital projects, minimize interest expense during
construction, and limit the impact on liquidity requirements, the System desires to implement an
extendible commercial paper “ECP” program with an aggregate amount available of $75 million.
Also, in order to free up additional liquidity and to balance the proposed ECP program with the
existing traditional commercial paper “CP” program, the System desires to limit the aggregate
amount of traditional CP that can be outstanding at any one time down to $75 million from the
current maximum amount of $100 million.

ECP functions similarly to CP, however it is marketed without a supporting bank liquidity facility
or without self-liquidity. ECP notes are structured to have an Original Maturity Date of up to 180
days from the initial issuance or roll date. At the Original Maturity Date, the System has four
options of either maturing the note by paying it off, rolling the note to the existing investor or to
new investors, extending the note to the Extended Maturity Date (which may not extend beyond
270 days from the initial issuance of the note), or the System may purchase the note itself. If the
System chooses to extend the note to the Extended Maturity Date, then the note bears the
Extended Rate (based on a formula, with the higher rate capped at 9%) until the Extended
Maturity Date or an earlier redemption.

System staff reviewed the major firms involved in the ECP market to select a dealer and an issuing
and paying agent for the proposed ECP program. Included in the Twenty-Fourth Supplemental
Resolution is the proposed Dealer Agreement with Morgan Stanley and the Issuing and Paying
Agent Agreement with U.S. Bank.

Adoption of the attached resolution will delegate authority to the Vice Chancellor for Finance to
issue ECP in an aggregate amount not to exceed $75 million at any one time for the purpose of
financing eligible projects, which can be issued as taxable or tax-exempt notes. Additionally, the
resolution will limit the aggregate amount of CP that can be outstanding at any one time down to
$75 million from the current level of $100 million. Lastly, the resolution would approve the
appointment of Morgan Stanley to serve as commercial paper dealer for the ECP program and
would approve the appointment of U.S. Bank to serve as the issuing and paying agent for the ECP
program. Upon approval of the Resolution by the Board of Regents, the Resolution will be
submitted to the Attorney General’s Office for approval.
Financial Analysis/History:

Adding $75 million of ECP capacity and reducing the current CP program down to $75 million would result in a total commercial paper capacity of $150 million, which is anticipated to provide sufficient interim financing capacity to meet the cash needs of the existing FY 2017 Capital Improvement Plan. Interim financing provides a low cost borrowing solution for the System while capital projects are under construction. Additionally, ECP does not require liquidity, which enables funds to be invested into longer maturities.

While considering market conditions, commercial paper notes shall be sold in a manner determined to be the most economically advantageous to the System.

Legal Review:

This item has been reviewed by General Counsel.

Schedule:

Effective upon approval by the Board of Regents.

Recommendation:

It is recommended that the Board of Regents approve the attached Twenty-Fourth Supplemental Resolution.

Recommended By:

James Mauldin
Associate Vice Chancellor for Treasury

Lee Jackson
Chancellor

Attachments Filed Electronically:

- Twenty-Fourth Supplemental Resolution
- Dealer Agreement
- Issuing and Paying Agent Agreement
Title: Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent [Regent’s Name] and seconded by Regent [Regent’s Name], the Board approved the motion presented below:

Whereas, the University of North Texas System has many major capital projects underway and a significant number of projects starting, as approved in the Fiscal Year 2017 Capital Improvement Plan producing cash needs, and

Whereas, the System desires to establish additional interim financing capacity in order to reduce interest expense costs on capital projects during construction, and

Whereas, the Twenty-Fourth Supplemental Resolution would authorize the Vice Chancellor for Finance to sell extendible commercial paper notes in an aggregate amount not to exceed $75 million and limit the aggregate amount of traditional commercial paper at any one time that may be outstanding to $75 million,

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

1. The attached Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto

2. Dealer Agreement

3. Issuing and Paying Agent Agreement

VOTE: _____ ayes _____ nays _____ abstentions
BOARD ACTION:
Attested By: Rosemary R. Haggett, Secretary
Board of Regents

Approved By: Brint Ryan, Chairman
Board of Regents
TWENTY-FOURTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, SERIES B; AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

WHEREAS, on February 12, 1999, the Board adopted the "Amended and Restated Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of the Board of Regents of the University of North Texas" (referred to herein as the "Master Resolution"); and

WHEREAS, the Board heretofore has adopted a "FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "First Supplement") and pursuant to the First Supplement issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997" in the aggregate principal amount of $4,380,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "SECOND SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Second Supplement"); and

WHEREAS, the Second Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Second Supplement, and pursuant to the terms of the Second Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1999" in the aggregate principal amount of $32,540,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Third Supplement"); and
WHEREAS, the Third Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Third Supplement, and pursuant to the terms of the Third Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A" in the aggregate principal amount of $15,535,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "FOURTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Fourth Supplement"); and

WHEREAS, the Fourth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Fourth Supplement, and pursuant to the terms of the Fourth Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001" in the aggregate principal amount of $33,860,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Fifth Supplement"); and

WHEREAS, the Fifth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Fifth Supplement, and pursuant to the terms of the Fifth Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002" in the aggregate principal amount of $63,470,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "SIXTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Sixth Supplement"); and

WHEREAS, the Sixth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Sixth Supplement, and pursuant to the terms of the Sixth Supplement the Vice Chancellor for Finance for the University System authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE
UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A" in the aggregate principal amount of $9,500,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "SEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Seventh Supplement"); and

WHEREAS, the Seventh Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Seventh Supplement, and pursuant to the terms of the Seventh Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003" in the aggregate principal amount of $31,180,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an "EIGHTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Eighth Supplement"); and

WHEREAS, the Eighth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Eighth Supplement, and pursuant to the terms of the Eighth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A" in the aggregate principal amount of $6,185,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "NINTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Ninth Supplement"); and

WHEREAS, the Ninth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Ninth Supplement, and pursuant to the terms of the Ninth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE
Series 2003B" in the aggregate principal amount of $4,980,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an "AMENDED AND RESTATED TENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Tenth Supplement") and pursuant to the Tenth Supplement to the Master Resolution has the authority to issue from time to time and at any one time outstanding up to $100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution, except to the extent limited by the terms of this resolution; and

WHEREAS, the Board heretofore has adopted an "ELEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Eleventh Supplement"); and

WHEREAS, the Eleventh Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Eleventh Supplement, and pursuant to the terms of the Eleventh Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005" in the aggregate principal amount of $76,795,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "TWELFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2006; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twelfth Supplement"); and

WHEREAS, the Twelfth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Twelfth Supplement, and pursuant to the terms of the Twelfth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2007" in the aggregate principal amount of $56,050,000 as Parity Obligations under the terms of the Master Resolution; and
WHEREAS, the Board heretofore has adopted a "THIRTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Thirteenth Supplement"); and

WHEREAS, the Thirteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Thirteenth Supplement, and pursuant to the terms of the Thirteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009" in the aggregate principal amount of $38,650,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "FOURTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Fourteenth Supplement"); and

WHEREAS, the Fourteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Fourteenth Supplement, and pursuant to the terms of the Fourteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009A" in the aggregate principal amount of $159,310,000, its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2009B" in the aggregate principal amount of $15,800,000, and its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2010" in the aggregate principal amount of $57,625,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 18, 2011, the Board adopted a "RESTATED FIFTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO", restating the resolution adopted by the Board on August 19, 2010, and which by its terms the authority to issue bonds expired on August 31, 2011 (defined as the "Fifteenth Supplement"); and

WHEREAS, the Fifteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Fifteenth Supplement,
and pursuant to the terms of the Fifteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2012A" in the aggregate principal amount of $75,890,000, and its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2012B" in the aggregate principal amount of $4,820,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 28, 2015, the Board adopted a "RESTATED SIXTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO", restating the resolution adopted by the Board on August 16, 2013, and which by its terms the authority to issue bonds expired on August 29, 2014 (defined as the "Sixteenth Supplement"); and

WHEREAS, the Sixteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Sixteenth Supplement, and pursuant to the terms of the Sixteenth Supplement, the Vice Chancellor for Finance for the University System effected the sale of and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2015A" in the aggregate principal amount of $105,130,000, and its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2015B" in the aggregate principal amount of $73,035,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on February 20, 2014, the Board adopted a "SEVENTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, SERIES B; AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Seventeenth Supplement") and pursuant to the Seventeenth Supplement to the Master Resolution has the authority to issue from time to time and at any one time outstanding up to $100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Seventeenth Supplement has not been implemented, and the authority to sell commercial paper notes under the terms of the Seventeenth Supplement has expired; and

WHEREAS, on February 20, 2014, the Board adopted an "EIGHTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM
BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (the "Eighteenth Supplement"); and

WHEREAS, the Eighteenth Supplement has not been implemented, and the authority to sell bonds under the terms of the Eighteenth Supplement has expired; and

WHEREAS, on May 15, 2014, the Board adopted an "NINETEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM DIRECT PURCHASE BONDS, SERIES 2014; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (the "Nineteenth Supplement"); and

WHEREAS, pursuant to the terms of the Nineteenth Supplement, the Board sold its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM DIRECT PURCHASE BONDS, SERIES 2014" in an aggregate principal of $120,000,000; and

WHEREAS, on April 9, 2015, the Board adopted a "TWENTIETH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twentieth Supplement"); and

WHEREAS, pursuant to the terms of the Twentieth Supplement, the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015" in the aggregate principal amount of $38,265,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on October 6, 2015, the Board adopted a "TWENTY-FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015C; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twenty-First Supplement"); and

WHEREAS, pursuant to the terms of the Twenty-First Supplement, the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015C" in the aggregate principal amount of $45,865,000 as Parity Obligations under the terms of the Master Resolution; and
WHEREAS, on May 20, 2016, the Board adopted a "TWENTY-SECOND SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, FORWARD DELIVERY SERIES 2018 AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twenty-Second Supplement"); and

WHEREAS, pursuant to the terms of the Twenty-Second Supplement, the Board authorized the issuance of its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, FORWARD DELIVERY SERIES 2018" in the aggregate principal amount of $22,845,000 as Parity Obligations under the terms of the Master Resolution, with a scheduled delivery on March 14, 2018; and

WHEREAS, on August 19, 2016, the Board adopted a "TWENTY-THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (the "Twenty-Third Supplement"); and

WHEREAS, the Twenty-Third Supplement authorized the issuance of one or more series of Parity Bonds, in an aggregate principal amount not to exceed $510,000,000, and as of the date of the adoption of this Twenty-Fourth Supplement, no Parity Bonds have been issued under authority of the Twenty-Third Supplement; and

WHEREAS, the Parity Obligations issued under the terms of the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Eleventh Supplement, the Twelfth Supplement and the Nineteenth Supplement are no longer outstanding, and there are no Prior Encumbered Obligations outstanding; and

WHEREAS, the Board deems it necessary and desirable to authorize a separate series of commercial paper notes, as described herein, and provide for the issuance of this separate series of commercial paper notes without requiring the System to provide liquidity, either from internal or external sources, in support of the payment of the commercial paper notes herein authorized, in accordance with the terms of this resolution (this "Twenty-Fourth Supplement"); and

WHEREAS, the notes authorized to be issued by this Twenty-Fourth Supplement are to be issued and delivered pursuant to Chapter 55, Texas Education Code, Chapter 1371, Texas Government Code, and other applicable laws.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM THAT:
ARTICLE I
DEFINITIONS AND CONSTRUCTION OF TERMS

Section 1.01. Definitions. In addition to the definitions set forth in the preamble of this Twenty-Fourth Supplement, the terms used in this Twenty-Fourth Supplement and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to this Twenty-Fourth Supplement attached hereto and made a part hereof.

Section 1.02. Construction of Terms. If appropriate in the context of this Twenty-Fourth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Twenty-Fourth Supplement as a whole and not to any particular Section or other subdivision. References to any named person mean that party and its successors and assigns. References to time in this Twenty-Fourth Supplement shall be to prevailing time in New York, New York. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Twenty-Fourth Supplement is adopted by the Board and any future amendments thereto or successor provisions thereof. This Twenty-Fourth Supplement shall be effective immediately from and after its passage in accordance with the provisions of Section 1201.028, Texas Government Code.

ARTICLE II
AUTHORIZATION OF COMMERCIAL PAPER NOTES

Section 2.01. General Authorization. (a) Maximum Principal Amount. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, Commercial Paper Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed $75,000,000 at any one time Outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Commercial Paper Notes, Prior Encumbered Obligations, and Parity Obligations, including interest thereon, all in accordance with and subject to the terms, conditions, and limitations contained herein. For purposes of this Section 2.01, any portion of Outstanding Commercial Paper Notes to be paid from money on deposit with the Issuing and Paying Agent and from the available proceeds of Parity Obligations or other obligations of the Board issued on the day of calculation shall not be considered Outstanding. The authority to issue Commercial Paper Notes from time to time under the provisions of this Twenty-Fourth Supplement shall exist until the Maximum Maturity Date, regardless of whether at any time prior to the Maximum Maturity Date there are any Commercial Paper Notes Outstanding. Anything to the contrary herein notwithstanding, Commercial Paper Notes may only be issued to refinance or refund Prior Encumbered Obligations or Parity Obligations issued as "obligations" under Chapter 1371, Texas Government Code, to effect a gross defeasance thereof in accordance with the provisions of Chapter 1207, Texas Government Code, and only with the prior approval of the Board. Proceeds so received for such purpose shall be invested and secured in accordance with applicable law, including, without limitation, the provisions of Chapter 1207, Texas Government Code.
(b) Issuance of Tax-Exempt Commercial Paper Notes and Taxable Commercial Paper Notes. Commercial Paper Notes may be issued as Tax-Exempt Commercial Paper Notes and Taxable Commercial Paper Notes.

(c) Issuance of Refunding Bonds to Refund Commercial Paper Notes. The Board intends to refinance Commercial Paper Notes issued from time to time pursuant to the terms of this Twenty-Fourth Supplement through the issuance of refunding bonds issued under authority of Chapter 1207, and the Commercial Paper Notes so refunded shall be treated as having the intended terms and payment schedule of the refunding bonds issued under Chapter 1207, as provided in Section 1371.057(c), Texas Government Code.

Section 2.02. Commercial Paper Notes. (a) Tax-Exempt Commercial Paper Notes. Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Tax-Exempt Commercial Paper Notes to be designated "Board of Regents of The University of North Texas System Revenue Financing System Commercial Paper Notes, Series B, Tax-Exempt Sub-series" are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative in denominations of $100,000 or in integral multiples of $1,000 in excess of $100,000, numbered in ascending consecutive numerical order in the order of their issuance, and shall mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Tax-Exempt Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term, from the Note Date to its Original Maturity Date or its Extended Maturity Date, as the case may be, in excess of 270 calendar days.

(b) Taxable Commercial Paper Notes. Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Taxable Commercial Paper Notes to be designated "Board of Regents of The University of North Texas System Revenue Financing System Commercial Paper Notes, Series B, Taxable Sub-series" are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative in denominations of $100,000 or in integral multiples of $1,000 in excess of $100,000, numbered in ascending consecutive numerical order in the order of their issuance, and shall mature and become due and payable on such dates as an Authorized Representative shall determine at the time of sale; provided, however, that no Taxable Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term, from the Note Date to its Original Maturity Date or its Extended Maturity Date, as the case may be, in excess of 270 calendar days.

(c) General. Subject to the limitations contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance (the "Note Date") and shall bear no interest or bear interest at such rate or rates per annum computed, with respect to the Tax-Exempt Commercial Paper Notes, on the basis of actual days elapsed and on a 365-day or 366-day (as applicable) year (but in no event to exceed the Maximum Interest Rate) and, with respect to the Taxable Commercial Paper Notes, on the basis of actual days elapsed and on a 360-day year (but in no event to exceed the Maximum Interest Rate), as may be determined by an Authorized Representative. The Commercial Paper Notes shall bear interest from the Note Date until the
Original Maturity Date at the Original Rate. Interest, if any, on Commercial Paper Notes shall be payable on any Original Maturity Date. The foregoing notwithstanding, on any Original Maturity Date, if the Authorized Representative exercises the option to extend the Original Maturity Date to an Extended Maturity Date, the Commercial Paper Notes will bear interest from the Original Maturity Date to the Extended Maturity Date at the Extended Rate. If the Authorized Representative exercises the option in accordance with this Twenty-Fourth Supplement to extend the Original Maturity Date of any Commercial Paper Note to an Extended Maturity Date, the accrued but unpaid interest on the Commercial Paper Note, but not the principal of the Commercial Paper Note, shall be paid on its Original Maturity Date. The Extended Rate will be determined by the Issuing and Paying Agent based on the Prevailing Ratings available as of 11:00 a.m. on the Original Maturity Date and on each Thursday thereafter until the Extended Maturity Date or the date fixed for redemption of such Commercial Paper Notes, and will apply from that Thursday through the following Wednesday, the Extended Maturity Date, or the date fixed for redemption of such Commercial Paper Notes, as the case may be. If the Original Maturity Date is before the 15th day of the month, interest shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for this Commercial Paper Note. If the Original Maturity Date is on or after the 15th day of the month, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter, and on the Extended Maturity Date for this Commercial Paper Note or the date fixed for redemption of such Commercial Paper Notes, as the case may be.

Commercial Paper Notes may be payable to bearer or may be issued in registered form, without coupons, or may be issued in book-entry only form pursuant to Section 2.03(b) as determined by an Authorized Representative. Both principal of and interest on the Commercial Paper Notes shall be payable in lawful money of the United States of America, without exchange or collection charges to the Holder thereof in the manner provided in the Form of Commercial Paper Notes set forth in Exhibit B to this Twenty-Fourth Supplement.

Commercial Paper Notes issued hereunder may contain terms and provisions for the payment, redemption or prepayment thereof prior to maturity, subject to any applicable limitations contained herein, as provided herein or otherwise as shall be determined by an Authorized Representative.

Subject to applicable terms, limitations, and procedures contained herein, the Commercial Paper Notes may be sold in such manner at public or private sale and at par or at such discount or premium (within the interest rate and yield restrictions provided herein) as an Authorized Representative shall approve at the time of the sale thereof.

(d) Notice of Extension. If the option to extend the Original Maturity Date of a Commercial Paper Note to an Extended Maturity Date is exercised, the Authorized Representative, acting for and on behalf of the Board shall deliver to the Issuing and Paying Agent and the Dealer an Extension Request by no later than 11:30 a.m. on the Original Maturity Date. The Issuing and Paying Agent shall correspondingly notify (i) by no later than 12:00 noon on the Original Maturity Date, DTC and (ii) by no later than 5:00 p.m. on the Original Maturity Date, both (A) each Rating Agency then maintaining a rating on the Commercial Paper Notes
and (B) EMMA that the maturity of such Commercial Paper Note is being extended to the Extended Maturity Date set forth in an Extension Request. Even if the requisite notices are not given, if payment of the principal of and interest on a Commercial Paper Note does not occur on the Original Maturity Date, the maturity of the Commercial Paper Note shall be extended automatically to the Extended Maturity Date set forth in the Extension Request. With the consent of the Issuing and Paying Agent and the Dealer, the Authorized Representative may modify the notification provisions contained in this Section 2.02(d) if deemed appropriate to conform to DTC’s rules and procedures.

(e) No Redemption Prior to Original Maturity Date. The Commercial Paper Notes shall not be subject to redemption prior to their Original Maturity Date.

(f) Redemption following Extension of Original Maturity Date. In the event the Board, acting through an Authorized Representative, exercises its option to extend the maturity of any Commercial Paper Note from its Original Maturity Date to an Extended Maturity Date, that Commercial Paper Note may be redeemed on any date after its Original Maturity Date, at the option of the Board, at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, an Authorized Representative shall provide not less than five (5) nor more than twenty five (25) calendar days’ notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify the DTC of the Commercial Paper Notes to be redeemed within one Business Day of receipt of such notice.

(g) No Default. In no event shall an extension of the Original Maturity Date constitute a default or a breach of any covenant under this Twenty-Fourth Supplement.

Section 2.03. Issuing and Paying Agent and Book-Entry Only System. (a) Issuing and Paying Agent. The Board covenants to maintain and provide an Issuing and Paying Agent at all times while the Commercial Paper Notes are outstanding, which shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any State and authorized under such laws to exercise trust powers. The initial Issuing and Paying Agent for the Commercial Paper Notes shall be U.S. Bank National Association, New York, New York. The Board covenants and agrees to keep and maintain the Registration Books at the corporate office of the Issuing and Paying Agent designated as the place of payment and transfers of the Commercial Paper Notes (the "Designated Trust Office"), all as provided herein and pursuant to such reasonable rules and regulations as the Issuing and Paying Agent may prescribe. Should a change in the Issuing and Paying Agent for the Commercial Paper Notes occur after the appointment of the initial Issuing and Paying Agent by the Authorized Representative, the Board agrees to promptly cause a written notice thereof to be (i) sent to each Holder of the Commercial Paper Notes then outstanding by United States mail, first class, postage prepaid and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two calendar weeks; provided, however, that the publication of such notice shall not be required if notice is given to each Holder in accordance with clause (i) above. Such notice shall give the address of the successor Paying Agent/Registrar. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.
The Board and the Issuing and Paying Agent may treat the bearer (in the case of Commercial Paper Notes so registered) or the Registered Owner of any Commercial Paper Note as the absolute owner thereof for the purpose of receiving payment thereof and for all purposes, and, to the extent permitted by law, the Board and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.

(b) Book-Entry Only System. If an Authorized Representative determines that it is possible and desirable to provide for a book-entry only system of Commercial Paper Note registration with DTC, such Authorized Representative, acting for and on behalf of the Board, is hereby authorized to approve, execute, and deliver a Letter of Representations to DTC and to enter into such other agreements and execute such instruments as are necessary to implement such book-entry only system, such approval to be conclusively evidenced by the execution thereof by said Authorized Representative. Under the initial book-entry only system with DTC, (i) no physical Commercial Paper Note certificates will be delivered to DTC and (ii) there will be executed and delivered to the Issuing and Paying Agent, as custodian for DTC, a master note relating to the Tax-Exempt Commercial Paper Notes (the "Tax-Exempt Master Note") and a master note relating to the Taxable Commercial Paper Notes (the "Taxable Master Note" and, together with the Tax-Exempt Master Note, referred to collectively herein as the "Master Note"), respectively, in substantially the forms set forth in Exhibit C. Except as provided herein, the ownership of the Commercial Paper Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will serve as the initial securities depository for the Commercial Paper Notes. Ownership of beneficial interests in the Commercial Paper Notes shall be shown by book entry on the system maintained and operated by DTC and DTC Participants, and transfers of ownership of beneficial interests shall be made only by DTC and the DTC Participants by book entry, and the Board and the Issuing and Paying Agent shall have no responsibility therefor. DTC will be required to maintain records of the positions of the DTC Participants in the Commercial Paper Notes, and the DTC Participants and persons acting through the DTC Participants will be required to maintain records of the purchasers of beneficial interests in the Commercial Paper Notes. Except as provided in clause (i) of this Section 2.03(b), the Commercial Paper Notes shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

With respect to Commercial Paper Notes registered in the name of DTC or its nominee, neither the Board nor the Issuing and Paying Agent shall have any responsibility or obligation to any DTC Participant or to any person on whose behalf a DTC Participant holds an interest in the Commercial Paper Notes. Without limiting the immediately preceding sentence, neither the Board nor the Issuing and Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC or any DTC Participant with respect to any ownership interest in the Commercial Paper Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown on the Registration Books, of any notice with respect to the Commercial Paper Notes, including any notice of redemption, and (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Commercial Paper Notes, as shown in the Registration Books, of any amount with respect to principal of and premium, if any, or interest on the Commercial Paper Notes.
Whenever, during the term of the Commercial Paper Notes, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Twenty-Fourth Supplement of holding, registering, delivering, exchanging, or transferring the Commercial Paper Notes shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to holding, registering, delivering, exchanging, or transferring the book entry to produce the same effect.

The Board or DTC may determine to discontinue the book-entry only system, and in such event, unless a new book-entry only system is put in place, physical certificates in the form set forth in Exhibit B shall be provided to the beneficial holders of the Commercial Paper Notes under the DTC book-entry only system.

If at any time, DTC ceases to hold the Commercial Paper Notes in its book-entry only system, all references herein to DTC shall be of no further force or effect.

Whenever the beneficial ownership of the Commercial Paper Notes is determined by a book entry at DTC, delivery of Commercial Paper Notes for payment at maturity shall be made pursuant to DTC’s payment procedures as are in effect from time to time and the DTC Participants shall transmit payment to beneficial owners whose Commercial Paper Notes have matured. The Board and each Issuing and Paying Agent and Dealer are not responsible for transfer of payment to the DTC Participants or beneficial owners.

(c) Resignation and Removal. The Issuing and Paying Agent may at any time resign and be discharged of the duties and obligations created by this Twenty-Fourth Supplement by giving at least sixty (60) days’ written notice to the Dealer and the Board. The Issuing and Paying Agent may be removed at any time by an instrument signed by an Authorized Representative and filed with the Issuing and Paying Agent. No such resignation or removal shall become effective, however, until a successor Issuing and Paying Agent has been selected by the Board and has agreed in writing to assume the duties of the Issuing and Paying Agent hereunder.

In the event of the resignation or removal of the Issuing and Paying Agent, the Issuing and Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor. The Issuing and Paying Agent shall make any representations and warranties to the Board as may be reasonably requested by the Board in connection with any such assignment.

Should a change in the Issuing and Paying Agent for the Commercial Paper Notes occur, the Board agrees to cause a written notice thereof to be sent promptly to each Registered Owner, if any, of the Commercial Paper Notes then Outstanding by United States mail, first class, postage prepaid, and to be provided to EMMA. Such notice shall give the address of the successor Issuing and Paying Agent. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.

(c) Books and Records. The Issuing and Paying Agent shall at all times keep or cause to be kept proper records in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Commercial Paper Notes and any funds and accounts established and maintained by the Issuing and Paying Agent pursuant to this Twenty-Fourth Supplement.
Such records shall be available for inspection by the Authorized Representative on each Business Day upon regular notice during reasonable business hours, and by any Registered Owner or its agent or representative duly authorized in writing at reasonable hours and under regular circumstances.

The Issuing and Paying Agent shall provide to an Authorized Representative each month, and more frequently upon written request, a report or statement of the amounts deposited in each fund and account held by it, and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts, the investments in each such fund and account, and the yield on each investment calculated in accordance with the directions of an Authorized Representative. Such report or statement shall also include or be accompanied by such information regarding the issuance of Commercial Paper Notes during the subject month as an Authorized Representative shall request.

The Issuing and Paying Agent shall maintain such books, records and accounts as may be necessary to evidence the obligations of the Board resulting from the Commercial Paper Notes, the principal amounts owing thereunder, the maturity schedule therefor, the respective rates of interest thereon, and the principal and interest paid from time to time thereunder.

Section 2.04. Form of Commercial Paper Notes. (a) Physical Delivery. If not issued in book-entry only form as provided in Section 2.03(b), the Commercial Paper Notes and the Certificate of Authentication to appear on each of the Commercial Paper Notes shall be substantially in the form set forth in Exhibit B to this Twenty-Fourth Supplement, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Twenty-Fourth Supplement, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) ("CUSIP" numbers) and such legends and endorsements thereon as may, consistently herewith, be approved by an Authorized Representative. Any portion of the text of any Commercial Paper Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Commercial Paper Notes and the Commercial Paper Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

(b) Book-Entry Only System. If the Commercial Paper Notes are issued in book-entry only form pursuant to Section 2.03(b), they shall be issued in the form of the Tax-Exempt Master Note and the Taxable Master Note, as the case may be, in substantially the form attached hereto as Exhibit C, to which there shall be attached the respective forms of Commercial Paper Notes set forth in Exhibit B; and it is hereby declared that the applicable form of Commercial Paper Note as set forth in Exhibit B are incorporated into and shall be a part of the applicable Master Note. It is further provided that this Twenty-Fourth Supplement, the Master Resolution, and the forms of Commercial Paper Notes set forth in Exhibit B shall constitute the "Underlining Records" referred to in the Master Notes.

Section 2.05. Execution - Authentication. Under authority granted by Section 1371.055, Texas Government Code, the Commercial Paper Notes shall be executed on behalf of
the Board by the Vice Chancellor for Finance for the System, under the System seal reproduced or impressed thereon, and attested by the Secretary or any Assistant Secretary of the Board. The signature of said officers on the Commercial Paper Notes may be manual or facsimile. Notwithstanding the other provisions of this Section 2.05, each Master Note shall be executed on behalf of the Board by the manual signature of the Vice Chancellor for Finance for the System. Commercial Paper Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board on the date of passage of this Twenty-Fourth Supplement shall be deemed to be duly executed on behalf of the Board, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Commercial Paper Notes authorized to be issued hereunder and with respect to Commercial Paper Notes delivered in subsequent sales, exchanges, and transfers, all as authorized and provided in Chapter 1201, Texas Government Code.

Other than pursuant to Section 2.03(b), no Commercial Paper Note shall be entitled to any right or benefit under this Twenty-Fourth Supplement, or be valid or obligatory for any purpose, unless there appears on such Commercial Paper Note a certificate of authentication substantially in the form provided in Exhibit B to this Twenty-Fourth Supplement, executed by the Issuing and Paying Agent by manual signature, and such certificate upon any Commercial Paper Note shall be conclusive evidence, and the only evidence, that such Commercial Paper Note has been duly certified or registered and delivered.

Section 2.06. **Commercial Paper Notes Mutilated, Lost, Destroyed, or Stolen.** If any Commercial Paper Note shall become mutilated, the Board, at the expense of the Holder thereof, shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Commercial Paper Note of like tenor and number in exchange and substitution for the Commercial Paper Note so mutilated, but only upon surrender to the Issuing and Paying Agent of the Commercial Paper Note so mutilated. If any Commercial Paper Note shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Board and the Issuing and Paying Agent. If such evidence is satisfactory to them and indemnity satisfactory to them shall be given, the Board, at the expense of the Holder, shall execute and the Paying Agent shall authenticate and deliver a new Commercial Paper Note of like tenor in lieu of and in substitution for the Commercial Paper Note so lost, destroyed, or stolen. In the event any such Commercial Paper Note shall have matured, the Issuing and Paying Agent instead of issuing a duplicate Commercial Paper Note may pay the same without surrender thereof after making such requirement as it deems fit for its protection, including a lost instrument bond. Neither the Board nor the Issuing and Paying Agent shall be required to treat both the original Commercial Paper Note and any duplicate Commercial Paper Note as being outstanding for the purpose of determining the principal amount of Commercial Paper Notes which may be issued hereunder, but both the original and the duplicate Commercial Paper Note shall be treated as one and the same. The Board and the Issuing and Paying Agent may charge the Holder of such Commercial Paper Note with their reasonable fees and expenses for such service.

Section 2.07. **Negotiability, Registration, and Exchangeability.** The Commercial Paper Notes shall be, and shall have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas, and each successive Holder, in accepting any of the
obligations, shall be conclusively deemed to have agreed that such obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

Registration Books relating to the registration, payment, and transfer or exchange of the Commercial Paper Notes shall at all times be kept and maintained by the Board at the Designated Trust Office of the Issuing and Paying Agent, and the Issuing and Paying Agent shall obtain, record, and maintain in the Registration Books the name, and to the extent provided by or on behalf of the Holder, the address of each Holder of the Commercial Paper Notes, except for Commercial Paper Notes registered to bearer. A copy of the Registration Books shall be provided to and held by the Board. Any Commercial Paper Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Commercial Paper Notes of like tenor and character and of other authorized denominations upon the Registration Books by the Holder in person or by his duly authorized agent, upon surrender of such Commercial Paper Note to the Issuing and Paying Agent for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Registrar.

Upon surrender for transfer of any Commercial Paper Note at the designated office of the Registrar, the Issuing and Paying Agent shall register and deliver, in the name of the designated transferee or transferees, one or more new Commercial Paper Notes executed on behalf of, and furnished by, the Board of like tenor and character and of authorized denominations and having the same maturity, bearing interest at the same rate and of a like aggregate principal amount as the Commercial Paper Note or Commercial Paper Notes surrendered for transfer.

Furthermore, Commercial Paper Notes may be exchanged for other Commercial Paper Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest and of like aggregate principal amount as the Commercial Paper Notes surrendered for exchange, upon surrender of the Commercial Paper Notes to be exchanged at the designated office of the Registrar. Whenever any Commercial Paper Notes are so surrendered for exchange, the Issuing and Paying Agent shall register and deliver new Commercial Paper Notes of like tenor and character as the Commercial Paper Notes exchanged, executed on behalf of and furnished by, the Board to the Holder requesting the exchange.

The Board and the Issuing and Paying Agent may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Issuing and Paying Agent or the Board may also require payment from the Holder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Commercial Paper Note shall be delivered.

The Board and the Issuing and Paying Agent shall not be required to transfer or exchange any Commercial Paper Note selected, called, or being called for redemption in whole or in part.

New Commercial Paper Notes delivered upon any transfer or exchange shall be valid special obligations of the Board, evidencing the same debt as the Commercial Paper Notes
surrendered, shall be secured by this Twenty-Fourth Supplement and shall be entitled to all of the
security and benefits hereof to the same extent as the Commercial Paper Notes surrendered.

The Board reserves the right to change the above registration and transferability provisions of the Commercial Paper Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof. In addition, to the extent that the provisions of this Section conflict with or are inconsistent with the provisions of the Form of Commercial Paper Note set forth in Exhibit B, such other provisions shall control. The Board further reserves the right to change the registration and transferability provisions to implement a book-entry only registration system with a securities depository.

Section 2.08. **Note Payment Fund.** There shall be created a fund at the Issuing and Paying Agent entitled the "University of North Texas System Revenue Financing System Commercial Paper Note Payment Fund – Series B" (the "Note Payment Fund"). Within the Note Payment Fund, there shall be established a "University of North Texas System Revenue Financing System Tax-Exempt Commercial Paper Note Payment Account – Series B" (the "Tax-Exempt Commercial Paper Note Payment Account") and a "University of North Texas System Revenue Financing System Taxable Commercial Paper Note Payment Account – Series B" (the "Taxable Commercial Paper Note Payment Account"). The proceeds from the sale of Parity Obligations issued for the purpose of refunding and retiring Commercial Paper Notes Outstanding under this Twenty-Fourth Supplement shall be paid to the Issuing and Paying Agent for deposit to the credit of the Tax-Exempt Commercial Paper Note Payment Account or the Taxable Commercial Paper Note Payment Account, as directed by an Authorized Representative, and used for such purpose. In addition, all amounts required to be paid to the Issuing and Paying Agent for deposit by the Board pursuant to Section 2.09 shall be paid to the Issuing and Paying Agent for deposit to the Tax-Exempt Commercial Paper Note Payment Account or the Taxable Commercial Paper Note Payment Account, as the case may be, and shall be used to pay principal of, premium, if any, and interest on Tax-Exempt Commercial Paper Notes or Taxable Commercial Paper Notes, as the case may be, at the respective interest payment, maturity or redemption of such Commercial Paper Notes as provided herein.

The foregoing notwithstanding, if all of the Commercial Paper Notes are held in a book-entry only system as provided in Section 2.03(b), all such moneys derived from the sources described above in this Section may be transferred directly to DTC by the Board or the Issuing and Paying Agent.

Section 2.09. **Establishment of Financing System; Issuance of Parity Obligations; Security and Pledge.** (a) **Commercial Paper Notes as Parity Obligations.** By adoption of the Master Resolution, the Board has established the Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the University, the Health Science Center, UNT-Dallas, and for any other institutions and agencies which are from time to time included as Participants of the Financing System. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System may be incurred. This Twenty-Fourth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Commercial Paper
Notes, which are a series of Parity Obligations. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby and the Commercial Paper Notes are hereby declared to be Parity Obligations under the Master Resolution. The Board hereby determines that it will have sufficient funds to meet the financial obligations of each Participant in the Financing System (currently the University, the Health Science Center and UNT-Dallas), including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System. Furthermore, the Board hereby determines that each of the Participants for whom the Commercial Paper Notes are being issued possess the financial capability to satisfy its Direct Obligation after taking into account the issuance of the Commercial Paper Notes.

(b) Pledge of Pledged Revenues. The Commercial Paper Notes are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Twenty-Fourth Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Commercial Paper Notes as the same shall become due and payable. The Board agrees to make payments into the Tax-Exempt Commercial Paper Note Payment Account and the Taxable Commercial Paper Note Payment Account, as the case may be, at such times and in such amounts as are necessary to provide for the full payment of the principal of, premium, if any, and the interest on the Tax-Exempt Commercial Paper Notes and the Taxable Commercial Paper Notes, as the case may be, when due, in accordance with the terms and conditions set forth in this Twenty-Fourth Supplement.

Section 2.10. Cancellation. All Commercial Paper Notes which at maturity are surrendered to the Issuing and Paying Agent for the collection of the principal and interest thereof or are surrendered for transfer or exchange pursuant to the provisions hereof or are refunded through an Advance shall, upon payment or issuance of new Commercial Paper Notes, be cancelled by the Issuing and Paying Agent and forthwith transmitted to the Board, and thereafter the Board shall have custody of such cancelled Commercial Paper Notes.

Section 2.11. Liquidity. The Board reserves the option, but is not required, to provide liquidity in support of all or any of the Commercial Paper Notes to be Outstanding under this Twenty-Fourth Supplement from its available funds, in amounts as further provided in Sections 4.02(b) and 4.03 of this Twenty-Fourth Supplement. The Board reserves the option, but is not required, to enter into one or more liquidity or credit agreements to provide liquidity or credit in such amounts as determined by the Board in support of all or any of the Commercial Paper Notes to be Outstanding under this Twenty-Fourth Supplement, and to execute all necessary instruments in connection therewith. The Board agrees to provide written notice to the Dealer, the Issuing and Paying Agent and each Rating Agency then maintaining a rating on the Commercial Paper Notes, at least thirty (30) days prior to the date on which the System provides liquidity from internal sources, and, in the case of liquidity or credit to be provided in accordance with the terms of a liquidity and/or credit agreement, a copy of the proposed form of such agreement.
Section 2.12. **Fiscal and Other Agents.** In furtherance of the purposes of this Twenty-Fourth Supplement, the Board may from time to time appoint and provide for the payment of such additional fiscal, paying, or other agents or trustees as it may deem necessary or appropriate in connection with the Commercial Paper Notes.

**ARTICLE III**

**ISSUANCE AND SALE OF NOTES**

Section 3.01. **Issuance and Sale of Commercial Paper Notes.** (a) **Sale by Authorized Representative.** All Commercial Paper Notes shall be issued as "obligations" under Chapter 1371, Texas Government Code. All Commercial Paper Notes shall be sold in the manner determined by the Authorized Representative to be most economically advantageous to the Board.

(b) **Terms of Commercial Paper Notes.** The terms of the Commercial Paper Notes shall be established and they shall be delivered by the Issuing and Paying Agent in accordance with electronic, telephonic, computer, or written instructions of any Authorized Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. To the extent such instructions are not written, they shall be confirmed in writing within twenty-four (24) hours of the transmission or communication thereof. Said instructions shall specify such principal amounts, Note Dates, purchase price, the Original Rate of each Commercial Paper Note, the Original Maturity Date for each Commercial Paper Note, and other terms and conditions which are hereby authorized and permitted to be fixed by any Authorized Representative at the time of sale of the Commercial Paper Notes. Such instructions shall also contain provisions representing that all action on the part of the Board necessary for the valid issuance of the Commercial Paper Notes then to be issued has been taken, that all provisions of Texas and federal law necessary for the valid issuance of such Commercial Paper Notes with provision for original issue discount and interest exclusion from federal income taxation (in the case of Tax-Exempt Commercial Paper Notes) have been complied with, and that such Commercial Paper Notes will be valid and enforceable special obligations of the Board according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that in the case of Tax-Exempt Commercial Paper Notes, based upon the advice of Bond Counsel, the earned original issue discount on the Commercial Paper Notes or stated interest on the Commercial Paper Notes, as the case may be, is, subject to the conditions set forth in the opinion of Bond Counsel delivered concurrently with the commencement of the issuance of Commercial Paper Notes, excludable from gross income of the owners thereof for federal income tax purposes. Such instructions shall also certify that, as of the date of such certificate:

(i) the Board has been advised by Bond Counsel that the projects to be financed or refinanced by the Commercial Paper Notes will constitute Eligible Projects, and, further, should the Commercial Paper Notes be issued as Tax-Exempt Commercial Paper Notes, that the proposed issuance will not cause the Board to be in violation of its covenants set forth in Section 5.01 hereof;
(ii) the requirements of Section 5 of the Master Resolution have been complied with;

(iii) the Board is in compliance with the covenants set forth in Article IV as of the date of such instructions;

(iv) the interest rate borne by the Commercial Paper Note is not in excess of the Maximum Interest Rate in effect on the date of issuance of such Commercial Paper Note;

(v) if required by the Texas Higher Education Coordination Board, approval of the Eligible Project to be financed with proceeds of Commercial Paper Notes has been obtained; and

(vi) after the proposed issuance of Commercial Paper Notes, the principal amount of Commercial Paper Notes to be Outstanding after such issuance does not exceed the aggregate principal amount of Commercial Paper Notes authorized to be issued under this Twenty-Fourth Supplement.

Should the Commercial Paper Notes be held in a book-entry only system form in accordance with the provisions of Section 2.03(b), and the Board acts in the capacity of Issuing and Paying Agent during the time such book-entry only system is in effect, the terms of the Commercial Paper Notes shall be established by the Authorized Representative consistent with the procedures of DTC regarding the issuance of the applicable Master Note.

For purposes of this Twenty-Fourth Supplement, such instructions described above shall constitute an Issuance Request.

(c) Receipt of Issuance Request. Upon receipt of an Issuance Request, the Issuing and Paying Agent shall, by 3:00 p.m. on such day the Issuance Request is received, complete each Commercial Paper Note as to amount, Note Date, Original Maturity Date and Original Rate specified therein, and deliver each such Commercial Paper Note to or upon the order of the Dealer upon receipt of payment therefor; provided, however, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would cause the sum of the aggregate principal amount of Commercial Paper Notes Outstanding to exceed the limitation set forth in Section 4.01 of this Twenty-Fourth Supplement. If an Issuance Request is received after 12:00 noon on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

(d) Receipt of Extension Request. Upon receipt of an Extension Request, the Issuing and Paying Agent shall, by 3:00 p.m. on such day the Extension Request is received, complete each Commercial Paper Note as to amount, Note Date and Extended Maturity Date specified therein, and deliver each such Commercial Paper Note to or upon the order of the Dealer, as requested; provided, however, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would cause the sum of the aggregate principal amount of Commercial Paper Notes Outstanding to exceed the limitation set forth in Section 4.01 of this
Twenty-Fourth Supplement. If an Extension Request is received after 11:30 a.m. on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

Section 3.02. **Proceeds of Sale of Commercial Paper Notes.** The proceeds of the sale of any Commercial Paper Notes (net of all expenses and costs of sale and issuance) shall be applied, consistent with the terms of this Twenty-Fourth Supplement, for any or all of the following purposes as directed by an Authorized Representative:

(i) used for the payment and redemption or purchase of Outstanding Commercial Paper Notes, Parity Obligations or Prior Encumbered Obligations at or before maturity; or

(ii) used for the purpose of financing Project Costs of Eligible Projects.

Section 3.03. **Issuing and Paying Agent Agreement.** The Board hereby approves the appointment of the Issuing and Paying Agent designated in Section 2.03 to serve as Paying Agent and Registrar. Any Authorized Representative is hereby authorized to execute and deliver, on behalf of the Board, to the Issuing and Paying Agent the Issuing and Paying Agent Agreement in substantially the form attached to this Twenty-Fourth Supplement. Any Authorized Representative is hereby authorized to enter into any supplemental agreements to the Issuing and Paying Agent Agreement with the Issuing and Paying Agent or with any successor Issuing and Paying Agent.

Section 3.04. **Dealer Agreement.** The Board hereby approves the appointment of Morgan Stanley & Co. LLC to serve as commercial paper dealer for the Commercial Paper Notes (the "Dealer") under the terms of the Dealer Agreement between the Board and the Dealer, in substantially the form attached to this Twenty-Fourth Supplement. Any Authorized Representative is hereby authorized and directed to execute and deliver, on behalf of the Board, the Dealer Agreement to carry out the purpose and intent of the Board in authorizing the issuance of Commercial Paper Notes in accordance with the terms of this Twenty-Fourth Supplement. Any Authorized Representative is hereby authorized to enter any supplemental agreements to the Dealer Agreement with the Dealer or with any successor Dealer.

**ARTICLE IV**
**GENERAL COVENANTS**

Section 4.01. **Limitation on Issuance.** Unless this Twenty-Fourth Supplement is amended and modified by the Board in accordance with the provisions of Section 6.01, the Board covenants that there will not be issued under the terms of this Twenty-Fourth Supplement and Outstanding at any time more than $75,000,000 in principal amount of Commercial Paper Notes.

Section 4.02. **Provisions for Payment.** (a) *Payment of Commercial Paper Notes.* The Board covenants to maintain, or cause to be provided in the manner described in Section 4.03(a) of this Twenty-Fourth Supplement, available funds in an amount equal to the principal amount of Commercial Paper Notes for which liquidity is provided then Outstanding, plus interest on the
Commercial Paper Notes then Outstanding. In furtherance of the foregoing covenant, the Board agrees that it will not issue any Commercial Paper Notes or make any borrowings which will result in a violation of such covenant.

(b) **Liquidity Support.** Should the Board determine that it is necessary or desirable to provide liquidity, either from internal funds or external sources, in support of all or any of the Commercial Paper Notes, the Board shall provide liquidity in an amount equal to the total principal amount of such Outstanding Commercial Paper Notes plus interest to accrue thereon for the following two hundred and seventy (270) days. In furtherance of the foregoing covenant, the Board agrees that if it is to provide liquidity from internal funds, it will not issue any Commercial Paper Notes or make any borrowings which will result in a violation of this covenant. Any agreement to provide liquidity or credit from external sources in support of the Commercial Paper Notes shall be presented to the Board for its approval.

Section 4.03. **Available Funds.** (a) **Parity Obligations.** To the extent Commercial Paper Notes cannot be issued to renew or refund Outstanding Commercial Paper Notes, the Board shall provide funds or shall in good faith endeavor to sell a sufficient principal amount of Parity Obligations or other obligations of the Board in order to have funds available, together with other moneys available therefor, to pay the Commercial Paper Notes and the interest thereon, or any renewals thereof, as the same shall become due.

(b) **Lawfully Available Funds.** Notwithstanding anything to the contrary contained herein, to the extent that the Dealer cannot sell Commercial Paper Notes to renew or refund Outstanding Commercial Paper Notes on their maturity, the Board covenants to use lawfully available funds to purchase Commercial Paper Notes issued to renew and refund such maturing Commercial Paper Notes. Such payment, issuance and purchase are not intended to constitute an extinguishment of the obligation represented by such maturing Commercial Paper Notes and the Board may issue Commercial Paper Notes to renew and refund the Commercial Paper Notes held by it when the Dealer is again able to sell Commercial Paper Notes. While such Commercial Paper Notes are held by the Board they shall bear interest at the rate being earned by the funds used to purchase such Commercial Paper Notes on the date of purchase.

Section 4.04. **Covenant to Refinance.** (a) **Issuance of Refunding Obligations.** The Board covenants that it will undertake its best efforts to issue and deliver Parity Obligations at the times and in the amounts necessary to refinance the Commercial Paper Notes that are maturing on the applicable Extended Maturity Date and apply the proceeds of such Parity Obligations to retire such Commercial Paper Notes, either at maturity or redemption prior to maturity. Notwithstanding the foregoing, the Authorized Representative shall not deliver an Issuance Request for Commercial Paper Notes that could not be refinanced on or before the Maximum Maturity Date.

(b) The receipts derived from the refinancing of the Commercial Paper Notes, whether by other Commercial Paper Notes or other Parity Obligations, and all amounts in the funds and accounts created or maintained pursuant to this Twenty-Fourth Supplement or the Issuing and Paying Agent Agreement, including earnings on such amounts, are hereby pledged as security for the payment of the Commercial Paper Notes and constitute trust funds held for that purpose,
subject only to the provisions of this Twenty-Fourth Supplement and the Issuing and Paying
Agent Agreement permitting the application thereof for the purposes and on the terms and
conditions set forth herein and therein. The pledge herein made shall be irrevocable until all of
the Commercial Paper Notes to be refinanced have been paid and retired. The granting of this
pledge by the Board does not limit in any manner the rights of the Board to issue or incur any
other Parity Obligations.

Section 4.05. **Opinion of Bond Counsel.** The Board shall cause the legal opinion of
Bond Counsel as to the validity of the Commercial Paper Notes and, with respect to Commercial
Paper Notes issued as Tax-Exempt Commercial Paper Notes, as to the exclusion of interest on
the Commercial Paper Notes from gross income of the owners thereof for federal income tax
purposes, to be furnished to DTC if the Commercial Paper Notes are held in a book-entry only
system, or to any Holder without cost.

**ARTICLE V**

**FEDERAL INCOME TAXATION COVENANTS**

Section 5.01. **Tax-Exempt Commercial Paper Notes.** (a) **General Tax Covenant.** The
Board covenants (i) to refrain from any action which would adversely affect, and (ii) to take such
action to ensure, the treatment of the Tax-Exempt Commercial Paper Notes as obligations
described in section 103 of the Code, the interest on which is not includable in the "gross
income" of the holder for purposes of federal income taxation. In furtherance thereof, the Board
covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds
of the Tax-Exempt Commercial Paper Notes or the projects financed therewith (less
amounts deposited to a reserve fund, if any) are used for any "private business use", as
defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so
used, that amounts, whether received by the Board, with respect to such private business
use, do not, under the terms of this Twenty-Fourth Supplement or any underlying
arrangement, directly or indirectly, secure or provide for the payment of more than 10
percent of the debt service on the Tax-Exempt Commercial Paper Notes, in contravention
of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use"
described in subsection (a) hereof exceeds 5 percent of the proceeds of the Tax-Exempt
Commercial Paper Notes or the projects financed therewith (less amounts deposited into
a reserve fund, if any) then the amount in excess of 5 percent is used for a "private
business use" which is "related" and not "disproportionate", within the meaning of
section 141(b) (3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser
of $5,000,000, or 5 percent of the proceeds of the Tax-Exempt Commercial Paper Notes
(less amounts deposited into a reserve fund, if any) is directly or indirectly used to
finance loans to persons, other than state or local governmental units, in contravention of
section 141(c) of the Code;
(d) to refrain from taking any action which would otherwise result in the Tax-Exempt Commercial Paper Notes being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Tax-Exempt Commercial Paper Notes being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Tax-Exempt Commercial Paper Notes, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire "investment property" (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Tax-Exempt Commercial Paper Notes, other than investment property acquired with --

(1) proceeds of the Tax-Exempt Commercial Paper Notes invested for a reasonable temporary period of three (3) years or less until such proceeds are needed for the purpose for which the obligations are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Tax-Exempt Commercial Paper Notes;

(g) to otherwise restrict the use of the proceeds of the Tax-Exempt Commercial Paper Notes or amounts treated as proceeds of the Tax-Exempt Commercial Paper Notes, as may be necessary, so that the Tax-Exempt Commercial Paper Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax-Exempt Commercial Paper Notes) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than sixty (60) days after the Tax-Exempt Commercial Paper Notes have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Arbitrage. The Board further covenants that it will execute and deliver to the Issuing and Paying Agent then serving in that capacity a "Federal Tax Certificate" in the form approved by Bond Counsel in connection with the original issuance of the Tax-Exempt Commercial Paper Notes, and each issuance of Tax-Exempt Commercial Paper Notes thereafter to pay Project Costs, and that in connection with any other issuance of Tax-Exempt Commercial Paper Notes, it
will execute and deliver to the Issuing and Paying Agent a confirmation that the facts, estimates, circumstances and reasonable expectations contained therein continue to be accurate as of such issue date. The Board represents and covenants that it will not expend, or permit to be expended, the proceeds of any Tax-Exempt Commercial Paper Notes in any manner inconsistent with its reasonable expectations as certified in the Federal Tax Certificates to be executed from time to time with respect to the Tax-Exempt Commercial Paper Notes; provided, however, that the Board may expend Tax-Exempt Commercial Paper Note proceeds in any manner if the Board first obtains an unqualified opinion of Bond Counsel that such expenditure will not adversely affect the exemption from federal income taxation of interest paid on the Tax-Exempt Commercial Paper Notes. The Board represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The Board further covenants with the Holders of all Tax-Exempt Commercial Paper Notes at any time Outstanding that no use of the proceeds of any of the Tax-Exempt Commercial Paper Notes or any other funds of the Board will be made which will cause any of such Tax-Exempt Commercial Paper Notes to be "arbitrage bonds" subject to federal income taxation by virtue of being described in section 148 of the Code. In particular, but not by way of limitation, so long as any of the Tax-Exempt Commercial Paper Notes are Outstanding, the Board, with respect to such proceeds and other funds which may be treated as proceeds, will comply with all requirements of section 148 and the Regulations issued thereunder, to the extent that such Regulations are, at the time, applicable and in effect. In particular, but not by way of limitation, the Board covenants:

(i) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax-Exempt Commercial Paper Notes to pay issued Project Costs) an amount that is at least equal to 90 percent of the Excess Earnings, within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than sixty (60) days after the Tax-Exempt Commercial Paper Notes have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(ii) to maintain such records as will enable the Board to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six (6) years following the final payment of principal and interest on the Tax-Exempt Commercial Paper Notes.

(c) Compliance with Covenants. It is the understanding of the Board that the covenants contained in this Section 5.01 are intended to assure compliance with the Code, the Regulations, or any rulings promulgated by the U.S. Department of the Treasury pursuant to the Code. In the event that regulations or rulings are hereafter promulgated which modify, or expand provisions of the Code, as applicable to the Tax-Exempt Commercial Paper Notes, the Board will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Tax-Exempt Commercial Paper Notes under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Tax-Exempt Commercial Paper Notes, the Board agrees to comply with the additional requirements to the extent necessary, in
the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Commercial Paper Notes under section 103 of the Code.

(d) Allocation of, and Limitation on, Expenditures for Eligible Projects. The Board covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Eligible Project on its books and records in accordance with the requirements of the Code. The Board recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within eighteen (18) months of the later of the date that (1) the expenditure is made, or (2) the Eligible Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Board recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Tax-Exempt Commercial Paper Notes, or (2) the date the Tax-Exempt Commercial Paper Notes are retired. The Board agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes.

(e) Disposition of Property Financed with Tax-Exempt Commercial Paper Notes. The Board covenants that the property constituting an Eligible Project financed with the proceeds of the Tax-Exempt Commercial Paper Notes will not be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel substantially to the effect that such failure to comply will not adversely affect the tax-exempt status of the Tax-Exempt Commercial Paper Notes.

(f) Written Procedures. Written procedures have been established by the Vice Chancellor for Finance for the System regarding private business use, remedial action, arbitrage and rebate and the application of the covenants set forth in this Section and the written procedures shall apply to the Tax-Exempt Commercial Paper Notes.

Section 5.02. Taxable Commercial Paper Notes. The Board does not intend to issue the Taxable Commercial Paper Notes in a manner such that the Taxable Commercial Paper Notes would constitute obligations described in section 103(a) of the Code and the Regulations.
Section 6.01. Amendment of Supplement. (a) Amendments without Consent. This Twenty-Fourth Supplement and the rights and obligations of the Board and of the owners of the Outstanding Commercial Paper Notes may be modified or amended at any time without notice to or the consent of any owner of the Commercial Paper Notes or any other Parity Obligations, solely for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Board contained in this Twenty-Fourth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Twenty-Fourth Supplement;

(ii) to cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Twenty-Fourth Supplement, upon receipt by the Board of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Twenty-Fourth Supplement;

(iii) to supplement the security for the Outstanding Commercial Paper Notes issued hereunder, replace or provide additional credit facilities, or change the form of the Outstanding Commercial Paper Notes or make such other changes in the provisions hereof, including extending the Maximum Maturity Date, as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Commercial Paper Notes;

(iv) to make any changes or amendments requested by any bond rating agency then rating or requested to rate Commercial Paper Notes, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Commercial Paper Notes; or

(v) to increase the principal amount of Commercial Paper Notes which may be Outstanding pursuant to the terms of this Twenty-Fourth Supplement.

(b) Amendments with Consent. Subject to the other provisions of this Twenty-Fourth Supplement, the owners of Outstanding Commercial Paper Notes aggregating at least a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Twenty-Fourth Supplement which may be deemed necessary or desirable by the Board, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Commercial Paper Notes, the amendment of the terms and conditions in this Twenty-Fourth Supplement or in the Commercial Paper Notes so as to:

(i) make any change in the maturity of the Outstanding Commercial Paper Notes (other than the extension of the Original Maturity Date of a Commercial Paper Note to an Extended Maturity Date);
(ii) reduce, or change the formula by which the interest rate is calculated, of interest borne by Outstanding Commercial Paper Notes;

(iii) reduce the amount of the principal payable on Outstanding Commercial Paper Notes;

(iv) modify the terms of payment of principal of or interest on the Outstanding Commercial Paper Notes, or impose any conditions with respect to such payment (except as is provided in this Twenty-Fourth Supplement with respect to establishing an Extended Maturity Date for a Commercial Paper Note);

(v) affect the rights of the owners of less than all Commercial Paper Notes then Outstanding; or

(vi) change the minimum percentage of the Outstanding Principal Amount of Commercial Paper Notes necessary for consent to such amendment.

(c) Notice. If at any time the Board shall desire to amend this Twenty-Fourth Supplement pursuant to subsection (b), the Board shall cause notice of the proposed amendment to be provided in writing to EMMA and either to DTC, if the Commercial Paper Notes are held in a book-entry only system, or to each Holder of Commercial Paper Notes, if the Commercial Paper Notes are not held in a book-entry only system. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Issuing and Paying Agent for inspection by all Holders of Commercial Paper Notes issued hereunder. A copy of such notice also shall be provided in writing to each Rating Agency.

(d) Receipt of Consents. Whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the Holders or the Holders of at least a majority in Outstanding Principal Amount of the Commercial Paper Notes, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) Effect of Amendments. Upon the adoption by the Board of any resolution to amend this Twenty-Fourth Supplement pursuant to the provisions of this Section, this Twenty-Fourth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Commercial Paper Notes and all future Commercial Paper Notes shall thereafter be determined, exercised, and enforced under the Master Resolution and this Twenty-Fourth Supplement, as amended.
(f) **Consent Irrevocable.** Any consent given by any Holder of Commercial Paper Notes pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future Holders of the same Commercial Paper Notes during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the Holder who gave such consent, or by a successor in title, by filing notice thereof with the Issuing and Paying Agent and the Board, but such revocation shall not be effective if the Holders of at least a majority in Outstanding Principal Amount of Commercial Paper Notes prior to the attempted revocation consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Commercial Paper Notes registered as to ownership shall be determined from the Registration Books kept by the Issuing and Paying Agent therefor. The fact of the owning of Commercial Paper Notes issued hereunder not registered as to ownership by any Holder and the amount and the numbers of such Commercial Paper Notes and the date of the holding of the same may be proved by the affidavit of the person claiming to be such Holder if such affidavit shall be deemed by the Issuing and Paying Agent to be satisfactory, or by a certificate executed by any trust company, bank, banker or any other depository, wherever situated, if such certificate shall be deemed by Issuing and Paying Agent to be satisfactory, showing that at that date therein mentioned such person had on deposit with such trust company, bank, banker or other depository the Commercial Paper Notes described in such certificate. The Issuing and Paying Agent may conclusively assume that such ownership continues until written notice to the contrary is served upon the Issuing and Paying Agent.

**ARTICLE VIII**

**EVENTS OF DEFAULT AND REMEDIES**

Section 7.01. **Events of Default.** Each of the following events shall constitute and is referred to in this Twenty-Fourth Supplement as an "Event of Default":

(a) a failure by the Board to pay the principal of any Commercial Paper Note for five (5) Business Days after the date the same shall have become due and payable on an Extended Maturity Date;

(b) a failure by the Board to pay any installment of interest on any Commercial Paper Note for five (5) Business Days after the date such interest shall have become due and payable on an Extended Maturity Date or in accordance with Section 2.02(c) hereof;

(c) a failure by the Board to apply the proceeds of Parity Obligations issued to refund Commercial Paper Notes having a maturity on an Extended Maturity Date to the payment thereof on the applicable Extended Maturity Date or date of redemption prior to such Extended Maturity Date;

(d) a failure by the Board to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a) and (b) of this Section) contained in the
Commercial Paper Notes, the Master Resolution or in this Twenty-Fourth Supplement on the part of the System to be observed or performed, which materially, adversely affects the rights of the Registered Owners, including, but not limited to, their prospect or ability to be repaid in accordance with the Master Resolution and this Twenty-Fourth Supplement, and which failure shall continue for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Board by the Dealer, the Issuing and Paying Agent or any Registered Owner; or

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including, without limitation, proceedings under the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or State bankruptcy law or similar law for the relief of debtors are instituted by or against the System, and, if instituted against the System, said proceedings are consented to or are not dismissed within sixty (60) days after such institution.

If any Event of Default has occurred, but is subsequently cured or waived, then such Event of Default shall no longer constitute an Event of Default hereunder.

Section 7.02. Remedies for Default.

(a) Rights of Registered Owners. Upon the happening of any Event of Default, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefore, may proceed against the Board or the System, as appropriate, for the purpose of protecting and enforcing the rights of the Registered Owners under the Master Resolution and this Twenty-Fourth Supplement, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies. It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Commercial Paper Notes then Outstanding.

(b) Remedies. No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Commercial Paper Notes or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of the Master Resolution or this Twenty-Fourth Supplement, the right to accelerate the debt evidenced by the Commercial Paper Notes shall not be available as a remedy under the Master Resolution or this Twenty-Fourth Supplement.

(c) By accepting the delivery of a Commercial Paper Note authorized under this Twenty-Fourth Supplement, a Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Twenty-Fourth Supplement do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers or employees of the System or the Board.
ARTICLE VIII
MISCELLANEOUS

Section 8.01. **Twenty-Fourth Supplement to Constitute a Contract; Equal Security.** In consideration of the acceptance of the Commercial Paper Notes by those who shall hold the same from time to time, this Twenty-Fourth Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Commercial Paper Notes and the pledge made in this Twenty-Fourth Supplement by the Board and the covenants and agreements set forth in this Twenty-Fourth Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders of the Commercial Paper Notes, without preference, priority, or distinction as to security or otherwise of any of the Commercial Paper Notes over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Twenty-Fourth Supplement.

Section 8.02. **Individuals Not Liable.** All covenants, stipulations, obligations, and agreements of the Board contained in this Twenty-Fourth Supplement shall be deemed to be covenants, stipulations, obligations, and agreements of the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in his individual capacity and neither the members of the Board nor any officer thereof shall be liable personally on the Commercial Paper Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 8.03. **Additional Actions.**

(a) **Execution and Delivery of Documents.** Each Board Representative, and all other officers, employees, and agents of the Board, and each of them, jointly and severally, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Twenty-Fourth Supplement, the Dealer Agreement, the Issuing and Paying Agent Agreement, and the Depository Trust Company Letter of Representation. In addition, the Chairman of the Board, the Vice Chairman of the Board, each Authorized Representative, and Bond Counsel are hereby authorized to approve, subsequent to the date of this adoption of this Twenty-Fourth Supplement but before any Commercial Paper Notes are Outstanding, any amendments to the above named documents, and any technical amendments to this Twenty-Fourth Supplement as may be required by a Rating Agency, or as a condition to the granting of a rating on the Commercial Paper Notes acceptable to the Vice Chancellor for Finance for the System.

(b) **Notice to Rating Agencies and Bondholders.** An Authorized Representative shall promptly give written notice to Fitch and Moody’s, as appropriate, of any changes or amendments to this Twenty-Fourth Supplement, any execution and delivery of an agreement to provide liquidity or credit support for Commercial Paper Notes, any amendment, substitution or termination of any such liquidity or credit agreement then in effect (including the expiration
Section 8.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Commercial Paper Notes issued hereunder.

Section 8.05. Payment and Performance on Business Days. Whenever under the terms of this Twenty-Fourth Supplement or the Commercial Paper Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Commercial Paper Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Commercial Paper Notes, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment is scheduled.

Section 8.06. Limitation of Benefits With Respect to the Twenty-Fourth Supplement. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Twenty-Fourth Supplement or the Commercial Paper Notes is intended or should be construed to confer upon or give to any person other than the Board, the Holders, the Issuing and Paying Agent, and the Dealer any legal or equitable right, remedy or claim under or by reason of or in respect to this Twenty-Fourth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Twenty-Fourth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, the Issuing and Paying Agent, and the Dealer as herein provided and as provided in the Issuing and Paying Agent Agreement and the Dealer Agreement.

Section 8.07. Approval of Attorney General. No Commercial Paper Notes herein authorized to be issued shall be sold or delivered by an Authorized Representative until the Attorney General of the State of Texas shall have approved this Twenty-Fourth Supplement, and other agreements and proceedings as may be required in connection therewith.

Section 8.08. Approval of Offering Memorandum. An Authorized Representative is hereby authorized to approve the forms of Offering Memorandum, to be used by the Dealer in the offering of the Tax-Exempt Commercial Paper Notes and the Taxable Commercial Paper Notes, respectively, and the use thereof by the Dealer in connection therewith.
Section 8.09. **Continuing Disclosure Obligation.** (a) **Annual Reports.** (i) The Board shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2017, financial information and operating data with respect to the Board of the general type described in Exhibit C to the Sixteenth Supplement. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Exhibit C to the Sixteenth Supplement or such other accounting principles as the Board may be required to employ from time to time pursuant to state law or regulation. If the Board commissions an audit of such statements and the audit is completed within the period during which they must be provided, a copy of such audit also shall be provided in accordance with the Rule. If any such audit of such financial statements, if one is commissioned by the Board, is not completed within such period, then the Board shall provide unaudited financial statements for the applicable fiscal year to the MSRB by the required time and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

(ii) If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in such format as prescribed by the MSRB.

(b) **Event Notices.** The Board shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of any of the following events, notice of any of the following events with respect to the Commercial Paper Notes:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Commercial Paper Notes, or other events affecting the tax status of the Commercial Paper Notes;
7. Modifications to rights of holders of the Commercial Paper Notes, if material;
8. Commercial Paper Note calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Commercial Paper Notes, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Board;
13. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the University System, other
than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor Issuing and Paying Agent or change in name of the Issuing and Paying Agent, if material.

The Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

(c) **Limitations, Disclaimers, and Amendments.** (i) The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Commercial Paper Notes within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with this Twenty-Fourth Supplement or applicable law that causes the Commercial Paper Notes no longer to be Outstanding.

(ii) The provisions of this Section are for the sole benefit of the Noteholders and beneficial owners of the Commercial Paper Notes, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Commercial Paper Notes at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE NOTEHOLDER OR BENEFICIAL OWNER OF ANY COMMERCIAL PAPER NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Board in observing or performing its obligations under this Section shall comprise a breach of or default under this Twenty-Fourth Supplement for purposes of any other provision of this Twenty-Fourth Supplement. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board under federal and state securities laws.
(v) Should the Rule be amended to obligate the Issuer to make filings or provide notices to entities other than the MSRB, the Issuer agrees to undertake such obligation in accordance with the Rule, as amended.

(vi) The provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Commercial Paper Notes in the primary offering of the Commercial Paper Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Noteholders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Twenty-Fourth Supplement that authorizes such an amendment) of the Commercial Paper Notes then outstanding consent to such amendment or (b) a person that is unaffiliated with the Board (such as nationally-recognized bond counsel) determined that such amendment will not materially impair the interest of the Noteholders and beneficial owners of the Commercial Paper Notes. If the Board so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Commercial Paper Notes in the primary offering of the Commercial Paper Notes.

Section 8.10. Limitation of Issuance of Series A Commercial Paper Notes. Upon receiving the approval of this Twenty-Fourth Supplement by the Attorney General of the State of Texas and the initial issuance of Commercial Paper Notes authorized by this Twenty-Fourth Supplement, no Authorized Representative shall have the authority under the Tenth Supplement to issue Series A Commercial Paper Notes resulting in the aggregate principal amount of the Series A Commercial Paper Notes at any one time outstanding being in excess $75,000,000, until such time as the Board authorizes otherwise.

Section 8.11. Compliance with Section 2252.908, Government Code. The Vice Chancellor for Finance for the System shall confirm that, to the extent required by Section 2252.908, Texas Government Code, each contracting party in connection with the issuance of Commercial Paper Notes has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code. Within thirty (30) days of receipt of the disclosure filings from the contracting party, the Vice Chancellor for Finance for the System will submit a copy of the disclosure filings with the Texas Ethics Commission.

Section 8.12. Public Notice. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Twenty-Fourth Supplement was adopted, and that this Twenty-Fourth Supplement would be introduced and considered for
adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.
EXHIBIT A
DEFINITIONS

As used in this Twenty-Fourth Supplement, the terms below defined shall be construed, are used and are intended to have the following meanings, unless the text hereof specifically indicates otherwise:

The term "Acts" shall mean, collectively, Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended.

The terms "Authorized Representative" and "Board Representative" shall mean the Chancellor of the System, the Vice Chancellor for Finance for the System, the Associate Vice Chancellor for Treasury, the Treasury Manager, or such other official of the System appointed by the Board to carry out the functions of the Board specified herein.

The term "Board" shall mean the Board of Regents of the System, which is currently the governing body for the University, the Health Science Center and UNT-Dallas.

The term "Business Day" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City of Dallas, Texas, The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

The terms "Commercial Paper Note" and "Series B Commercial Paper Note" shall mean any Taxable Commercial Paper Note or Tax-Exempt Commercial Paper Note issued pursuant to the provisions of the Master Resolution and this Twenty-Fourth Supplement, having the terms and characteristics specified in Section 2.02 and in the forms set forth in Exhibit B to this Twenty-Fourth Supplement.

The terms "Costs" and "Project Costs" shall mean all costs and expenses defined as "project costs" under the Acts incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Commercial Paper Notes, including without limitation design, planning, engineering, and legal costs; acquisition costs of land, interests in land, right of way, and easements; construction costs; costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of the Eligible Projects; and financing costs, including interest during construction and one year after construction, underwriter's discount, and/or legal, financial, and other professional services fees and expenses, and shall include reimbursement for Costs attributable to Eligible Projects incurred prior to the issuance of any Commercial Paper Notes.

The term "Dealer" shall have the meaning given said term in Section 3.04.

The term "Designated Trust Office" shall have the meaning given said term in Section 2.03(a) of this Twenty-Fourth Supplement.
The term "DTC" shall mean The Depository Trust Company, New York, New York, or any successor securities depository.

The term "DTC Participant" shall mean securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

The term "Eligible Project" shall mean the acquisition, purchase, construction, improvement, enlargement, and/or equipping of any property, buildings, structures, activities, services, operations, or other facilities, or any other project, program or improvement authorized by the laws of the State of Texas for and on behalf of the Financing System or any Participant thereof.

The term "EMMA" shall mean the Electronic Municipal Market Access system of the MSRB.

The term "Extended Maturity Date" shall mean, for each Commercial Paper Note, the date specified in the Extension Notice as the maturity date to which the maturity of such Commercial Paper Note is to be extended, which maturity date shall be a Business Day; provided, that an Extended Maturity Date shall not established in violation of the provisions of Section 2.02(a)(ii) or Section 2.02(b)(ii).

The term "Extended Rate" shall mean the rate of interest per annum determined by the following formulas:

For Tax-Exempt Commercial Paper Notes: the greater of (SIFMA Index + E) or F

For Taxable Commercial Paper Notes: The greater of (LIBOR Index + E) or F

The Extended Rate applicable to a Commercial Paper Note will be determined by the Issuing and Paying Agent as provided in Section 2.02(c). As used in the formula set forth above in this definition, the E and F variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of Fitch, Moody’s and S&P, if then rating the Commercial Paper Notes at the request of the System, as follows:
## Prevailing Rating

<table>
<thead>
<tr>
<th>Fitch</th>
<th>Moody's</th>
<th>S&amp;P</th>
<th>E Variable</th>
<th>F Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-1+</td>
<td>P-1</td>
<td>A-1+</td>
<td>250 bps</td>
<td>7.00%</td>
</tr>
<tr>
<td>F-1</td>
<td>-</td>
<td>A-1</td>
<td>350 bps</td>
<td>7.50%</td>
</tr>
<tr>
<td>F-2</td>
<td>P-2</td>
<td>A-2</td>
<td>550 bps</td>
<td>8.00%</td>
</tr>
<tr>
<td>Lower than F-2 (or rating withdrawn for credit reasons)</td>
<td>Lower than P-2 (or rating withdrawn for credit reasons)</td>
<td>Lower than A-2 (or rating withdrawn for credit reasons)</td>
<td>Max Rate</td>
<td>Max Rate</td>
</tr>
</tbody>
</table>

If the individual Prevailing Ratings indicate different E or F variables as a result of split ratings assigned to the Commercial Paper Notes, the E or F variable shall be the arithmetic average of those indicated by the Prevailing Ratings. If the System obtains another rating on the Commercial Paper Notes from a credit rating agency, the Issuing and Paying Agent shall, upon written direction of the Authorized Representative, following consultation with the Authorized Representative and the Dealer, determine how the credit rating agency’s rating categories shall be treated for the purpose of indicating an E or F variable. In no event shall the Extended Rate exceed the Maximum Interest Rate.

The term "Extension Request" shall mean the instructions provided to the Issuing and Paying Agent and the Dealer by an Authorized Representative to extend the Original Maturity Date of a Commercial Paper Note to an Extended Maturity Date, in substantially the form set forth in Exhibit D to this Twenty-Fourth Supplement.

The term "Fifteenth Series Bonds" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2012A and the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Taxable Series 2012B, authorized by the Fifteenth Supplement.

The term "Fifteenth Supplement" shall mean the resolution adopted by the Board on August 18, 2011, authorizing the authorizing the Fifteenth Series Bonds.

The term "Fourteenth Series Bonds" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009A, the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2009B, and the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2010, authorized by the Fourteenth Supplement.

The term "Fourteenth Supplement" shall mean the resolution adopted by the Board of Regents on August 21, 2009, authorizing the Fourteenth Series Bonds.

The term "Fiscal Year" shall mean the 12-month operational period of the System commencing on September 1 of each year and ending on the following August 31.
The term "Fitch" shall mean Fitch Ratings, Inc., or, if such entity is dissolved or liquidated or otherwise ceases to perform securities ratings services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

The term "Health Science Center" shall mean the University of North Texas Health Science Center at Fort Worth.

The terms "Holder" or "Noteholder" shall mean the Registered Owner or any person, firm, association, or corporation who is in possession of any Commercial Paper Note issued to bearer or in blank.

The term "Issuance Request" shall mean the instructions provided to the Issuing and Paying Agent by an Authorized Representative in the manner set forth in Section 3.01.

The terms "Issuing and Paying Agent" and "Paying Agent", "Paying Agent/Registrar" and "Registrar" shall mean with respect to the Commercial Paper Notes the agent appointed pursuant to Section 2.03, or any successor to such agent.

The term "LIBOR Index" means (i) for any date the London interbank offered rate for U.S. dollar deposits for a one-month period, as reported on the Reuters Screen LIBOR01 Page (or any successor thereto) as of 11:00 a.m., London, England time, on the second Business Day preceding such date or (ii) if such rate is not then reported by Reuters, the rate then reported by any successor to or substitute for such service designated in writing by the Issuing and Paying Agent and the System, acting through an Authorized Representative, that provides rate quotations comparable to those provided on such Reuters screen page.

The term "Master Notes" shall mean the DTC master notes, in substantially the forms set forth in Exhibit C to this Twenty-Fourth Supplement.

The term "Master Resolution" shall mean the "Amended and Restated Master Resolution Establishing the Revenue Financing System under the Authority and Responsibility of the Board of Regents of the University of North Texas", adopted by the Board on February 12, 1999.

The term "Maximum Interest Rate" or "Max Rate" shall mean the lesser of (i) nine percent (9.00%) per annum and (ii) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (prescribed by Chapter 1204, Texas Government Code).

The term "Maximum Maturity Date" shall mean December 31, 2047.

The term "Moody's" shall mean Moody's Investors Service, Inc., or, if such entity is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

The term "MSRB" shall mean the Municipal Securities Rulemaking Board.
The term "Note Date" shall have the meaning given in Section 2.02(c).

The term "Note Payment Fund" shall mean that fund created pursuant to Section 2.08.

The term "Original Maturity Date" shall mean, for each Commercial Paper Note, the date specified in the Issuance Request as the date of maturity of the Commercial Paper Note; provided that the Original Maturity Date shall not extend beyond the Maximum Maturity Date.

The term "Original Rate" shall mean, for each Commercial Paper Note, the rate of interest per annum borne by such Commercial Paper Note to the Original Maturity Date as specified in the applicable Issuance Request.

The term "Parity Bonds" shall mean (i) all Parity Obligations outstanding on the date this Twenty-Fourth Supplement is adopted (other than the Series A Commercial Paper Notes and the Series B Commercial Paper Notes), and (ii) all Parity Obligations issued after the date this Twenty-Fourth Supplement is adopted (other than the Series A Commercial Paper Notes and the Series B Commercial Paper Notes) that on the date of issuance thereof have a Stated Maturity of one year or greater.

The term "Parity Obligations" shall mean, collectively, the Series A Commercial Paper Notes, the Thirteenth Series Bonds, the Fourteenth Series Bonds, the Fifteenth Series Bonds, the Sixteenth Series Bonds, the Nineteenth Series Bonds, the Twentieth Series Bonds, the Twenty-First Series Bonds, the Twenty-Second Series Bonds (when delivered to the purchaser thereof), the Twenty-Third Series Bonds (when delivered to the underwriters and/or purchasers thereof), the Series B Commercial Paper Notes, and any bonds or other obligations hereafter issued and declared by the Board to be Parity Obligations.

The term "Prevailing Rating" shall mean, at the time of determination and with respect to Fitch or Moody’s, the rating assigned to the Commercial Paper Notes by Fitch or Moody’s, or any comparable future designation by Fitch or Moody’s, as the case may be.

The term "Rating Agency" shall mean Fitch, Moody’s and S&P, if such entity is then providing a rating on the Commercial Paper Notes at the request of the System.

The term "Registered Owner" shall mean the person or entity in whose name any Commercial Paper Note is registered in the Registration Books.

The term "Registration Books" shall mean books or records relating to the registration, payment, and transfer or exchange of the Commercial Paper Notes maintained by the Issuing and Paying Agent pursuant to Section 2.03.

The term "Regulations" shall mean all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.
The term "Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "S&P" shall mean Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, or, if such entity is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

The term "SEC" shall mean the United States Securities and Exchange Commission.

The term "Series A Commercial Paper Note" shall mean any commercial paper note issued pursuant to the provisions of the Master Resolution and the Tenth Supplement.

The term "SIFMA" means the Securities Industry and Financial Markets Association.

The term "SIFMA Index" means (i) the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA or any person acting in cooperation with or under the sponsorship of SIFMA or (ii) if such index is not published, such other publicly available rate as the Dealer (or if the Dealer fails to do so, the System, acting through an Authorized Representative) shall deem most nearly equivalent thereto. Such index may be expressed as a percentage of (more or less than, or equal to, 100%) and/or a fixed spread to another index.

The term "Sixteenth Series Bonds" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Refunding and Improvement Bonds, Series 2015A and the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Taxable Series 2015B, authorized by the Sixteenth Supplement.

The term "Sixteenth Supplement" shall mean the resolution adopted by the Board of Regents on August 28, 2015, authorizing the Sixteenth Series Bonds.

The terms "System" and "University System" shall mean The University of North Texas System.

The term "Taxable Commercial Paper Note" shall mean a Commercial Paper Note issued pursuant to the provisions of the Master Resolution and this Twenty-Fourth Supplement, the interest on which is not exempt from federal income taxation under the Code.

The term "Taxable Commercial Paper Note Payment Account" shall mean the account created pursuant to Section 2.08.

The term "Tax-Exempt Commercial Paper Note" shall mean a Commercial Paper Note issued pursuant to the provisions of the Master Resolution and this Twenty-Fourth Supplement, the interest on which is exempt from federal income taxation under the Code.
The term "Tax-Exempt Commercial Paper Note Payment Account" shall mean the account created pursuant to Section 2.08.

The term "Tenth Supplement" shall mean the Second Amended and Restated Tenth Supplemental Resolution adopted by the Board on December 6, 2013, authorizing the Series A Commercial Paper Notes.

The term "Thirteenth Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009, authorized by the Thirteenth Supplement.

The term "Thirteenth Supplement" shall mean the resolution adopted by the Board on November 20, 2008, authorizing the Thirteenth Series Bonds.

The term "Twentieth Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2015, authorized by the Twentieth Supplement.

The term "Twentieth Supplement" shall mean the resolution adopted by the Board on April 8, 2015, authorizing the Twentieth Series Bonds.

The term "Twenty-First Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2015C, authorized by the Twenty-First Supplement.

The term "Twenty-First Supplement" shall mean the resolution adopted by the Board on October 6, 2015, authorizing the Twenty-First Series Bonds.

The term "Twenty-Second Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Forward Delivery Series 2018, authorized by the Twenty-First Supplement.

The term "Twenty-Second Supplement" shall mean the resolution adopted by the Board on May 20, 2016, authorizing the Twenty-Second Series Bonds.

The term "Twenty-Third Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series, authorized to be issued in accordance with the terms of the Twenty-Third Supplement.

The term "Twenty-Third Supplement" shall mean the resolution adopted by the Board on August 19, 2016, authorizing the Twenty-Third Series Bonds.

The term "Twenty-Fourth Supplement" shall mean this resolution authorizing the Series B Commercial Paper Notes.

The term "University" shall mean the University of North Texas.
The term "UNT-Dallas" shall mean The University of North Texas at Dallas.

All terms not herein defined shall have the meanings given to the terms by the Master Resolution or as otherwise defined in this Twenty-Fourth Supplement.
EXHIBIT B  
FORM OF COMMERCIAL PAPER NOTES

Form of Tax-Exempt Commercial Paper Note:

United States of America
State of Texas
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM
COMMERCIAL PAPER NOTE, SERIES B
TAX-EXEMPT SUB-SERIES

<table>
<thead>
<tr>
<th>Note Number</th>
<th>Interest Rate</th>
<th>Note Date</th>
<th>Principal Amount</th>
</tr>
</thead>
</table>

On _________________ (the "Original Maturity Date") for value received, THE BOARD OF REGENTS (the "Board") OF THE UNIVERSITY OF NORTH TEXAS SYSTEM (the "System")

Promises To Pay To The Order of __________________________________________________
The Principal Sum Of ____________________________________________________________
Payable At_____________________________________________________________________
and to pay interest, if any, on said principal amount, specified above, from the above specified Note Date on said Original Maturity Date at the per annum Interest Rate specified above (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

This Commercial Paper Note is one of an issue of commercial paper notes (the "Commercial Paper Notes") which has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and the twenty-fourth supplemental resolution thereto (the "Supplemental Resolution"; the provisions of the Master Resolution are incorporated by reference in the Supplemental Resolution and the Master Resolution and the Supplemental Resolution shall hereinafter be referred to collectively as the "Resolution") passed by the Board on behalf of the System, an agency and political subdivision of the State of Texas, for the purpose of financing Costs of Eligible Projects (each as defined in the Resolution) and to refinance, renew and refund the Notes, other Parity Obligations and Prior Encumbered Obligations; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including but not limited to, Chapter 55, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Resolution.
If the Original Maturity Date shall have been extended to the Extended Maturity Date, as provided in the Supplemental Resolution (hereinafter defined), the interest accrued on this Commercial Paper Note to the Original Maturity Date will be paid on the Original Maturity Date. The principal amount of this Commercial Paper Note will be payable on the Extended Maturity Date, and after the Original Maturity Date, this Commercial Paper Note shall bear interest from the Original Maturity Date to the Extended Maturity Date, at the per annum Extended Rate described below (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

Both principal and interest on this Commercial Paper Note shall be payable in immediately available lawful money of the United States of America at the principal corporate office of the Issuing and Paying Agent, specified above, or its successor.

No interest will accrue on the principal amount hereof after said Original Maturity Date or, if the Original Maturity Date shall have been extended to the Extended Maturity Date, after said Extended Maturity Date, or the date fixed for redemption of this Commercial Paper Note.

If the Original Maturity Date is before the 15th day of the month, and the System exercises its option in accordance with the Supplemental Resolution to extend the Original Maturity Date of this Commercial Paper Note to an Extended Maturity Date, interest accruing after the Original Maturity Date shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Commercial Paper Note. If the Original Maturity Date is on or after the 15th day of the month, and the System exercises its option in accordance with the Supplemental Resolution to extend the Original Maturity Date of this Commercial Paper Note, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Commercial Paper Note.

The Extended Rate shall be the rate of interest per annum determined by the following formula:

The greater of (SIFMA Index + E) or F

The Extended Rate applicable to this Commercial Paper Note will be determined weekly by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m., New York, New York time, on the Original Maturity Date of this Commercial Paper Note and each Thursday thereafter and will apply from that date through the following Wednesday or, if earlier, the applicable Extended Maturity Date, or the date fixed for redemption of this Commercial Paper Note. As used in the formula, the E and F variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the Commercial Paper Notes at the request of the System, as follows:
If the individual Prevailing Ratings indicate different E or F variables as a result of split ratings assigned to the System, the E or F variable shall be the arithmetic average of those indicated by the Prevailing Ratings. In no event shall the Extended Rate exceed the Maximum Interest Rate.

This Commercial Paper Note shall not be subject to redemption at the option of the System prior to its Original Maturity Date. If the System exercises its option to extend the maturity of this Commercial Paper Note to the Extended Maturity Date, this Commercial Paper Note may be redeemed on any date after its Original Maturity Date, at the option of the System, at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, the System shall provide not less than five (5) or more than twenty-five (25) calendar days’ notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Commercial Paper Notes to be redeemed within one Business Day of receipt of such notice.

This Commercial Paper Note, together with the other Notes and other Parity Obligations, is payable from and equally secured by the Pledged Revenues; provided, however, that the lien on and pledge of the Pledged Revenues is junior and subordinate to the lien and pledge securing the payment of the Prior Encumbered Obligations, all as further defined and described in the Resolution. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues as described in the Resolution, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as described in the Resolution. THE NOTES DO NOT CONSTITUTE OR CREATE A DEBT OR LIABILITY OF THE STATE OF TEXAS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF TEXAS IS IN ANY MANNER PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE NOTES.

Reference is hereby made to the Resolution, copies of which may be obtained upon request to the Board, and by acceptance of this Commercial Paper Note the Holder hereof hereby assents to all of the terms and provisions of the Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the Notes and the Pledged Revenues; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders of the Notes; and the right to issue obligations payable from and secured by the Pledged Revenues.
It is hereby certified and recited that all acts, conditions, and things required by law and the Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Resolution.

This Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer, this Commercial Paper Note may be transferred only on the books of the Board maintained at the designated office of the Issuing and Paying Agent. Upon surrender hereof at the designated office of the Issuing and Paying Agent, this Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Commercial Paper Notes of authorized denominations of like interest rate and maturity, but only in the manner, and subject to the limitations, and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Commercial Paper Note.

This Commercial Paper Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

The System covenants to pay the principal of and interest on this Commercial Paper Note when due, whether by reason of maturity or redemption prior to maturity.

IN WITNESS WHEREOF, the Board has authorized and caused this Commercial Paper Note to be executed and attested on its behalf by the manual or facsimile signatures of the Vice Chancellor for Finance of the System and the Secretary of the Board and the official seal of the System impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM

__________________________________
Vice Chancellor for Finance

ATTEST:

__________________________________     (SEAL)
Secretary
CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Resolution.

_________________________________________,

as Issuing and Paying Agent

By:   ______________________________

Countersignature
Form of Taxable Commercial Paper Note:

United States of America
State of Texas

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM
COMMERCIAL PAPER NOTE, SERIES B

Note Interest Note
Number _________ Rate __________ Date __________ $______________

On ___________________ (the "Maturity Date") for value received, THE BOARD OF
REGENTS (the "Board") OF THE UNIVERSITY OF NORTH TEXAS SYSTEM (the
"System")

Promises To Pay To The Order of __________________________________________________
The Principal Sum Of ____________________________________________________________
Payable At_____________________________________________________________________
(the "Issuing and Paying Agent").

and to pay interest, if any, on said principal amount, specified above, from the above specified
Note Date on said Original Maturity Date at the per annum Interest Rate specified above
(computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable)
solely from the sources hereinafter identified and as hereinafter stated.

This Commercial Paper Note is one of an issue of commercial paper notes (the
"Commercial Paper Notes") which has been duly authorized and issued in accordance with the
provisions of a master resolution (the "Master Resolution") and the twenty-fourth supplemental
resolution thereto (the "Supplemental Resolution"; the provisions of the Master Resolution are
incorporated by reference in the Supplemental Resolution and the Master Resolution and the
Supplemental Resolution shall hereinafter be referred to collectively as the "Resolution") passed
by the Board on behalf of the System, an agency and political subdivision of the State of Texas,
for the purpose of financing Costs of Eligible Projects (each as defined in the Resolution) and to
refinance, renew and refund the Notes, other Parity Obligations and Prior Encumbered
Obligations; all in accordance and in strict conformity with the provisions of the Constitution and
laws of the State of Texas, including but not limited to, Chapter 55, Texas Education Code, as
amended, and Chapter 1371, Texas Government Code, as amended. Capitalized terms used
herein and not otherwise defined shall have the meaning given in the Resolution.

If the Original Maturity Date shall have been extended to the Extended Maturity Date, as
provided in the Supplemental Resolution (hereinafter defined), the interest accrued on this
Commercial Paper Note to the Original Maturity Date will be paid on the Original Maturity
Date. The principal amount of this Commercial Paper Note will be payable on the Extended
Maturity Date, and after the Original Maturity Date, this Commercial Paper Note shall bear interest from the Original Maturity Date to the Extended Maturity Date, at the per annum Extended Rate described below (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

Both principal and interest on this Commercial Paper Note shall be payable in immediately available lawful money of the United States of America at the principal corporate office of the Issuing and Paying Agent, specified above, or its successor.

No interest will accrue on the principal amount hereof after said Original Maturity Date or, if the Original Maturity Date shall have been extended to the Extended Maturity Date, after said Extended Maturity Date, or the date fixed for prior redemption of this Commercial Paper Note.

If the Original Maturity Date is before the 15th day of the month, and the System exercises its option in accordance with the Supplemental Resolution to extend the Original Maturity Date of this Commercial Paper Note to an Extended Maturity Date, interest accruing after the Original Maturity Date shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Commercial Paper Note. If the Original Maturity Date is on or after the 15th day of the month, and the System exercises its option in accordance with the Supplemental Resolution to extend the Original Maturity Date of this Commercial Paper Note, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Commercial Paper Note.

The Extended Rate shall be the rate of interest per annum determined by the following formula:

The greater of (LIBOR Index + E) or F

The Extended Rate applicable to this Commercial Paper Note will be determined weekly by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m., New York, New York time, on the Original Maturity Date of this Commercial Paper Note and each Thursday thereafter and will apply from that date through the following Wednesday or, if earlier, the applicable Extended Maturity Date, or the date fixed for redemption of this Commercial Paper Note. As used in the formula, the E and F variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the Commercial Paper Notes at the request of the System, as follows:
Prevailing Rating

<table>
<thead>
<tr>
<th>Fitch</th>
<th>Moody's</th>
<th>S&amp;P</th>
<th>E Variable</th>
<th>F Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-1+</td>
<td>P-1</td>
<td>A-1+</td>
<td>250 bps</td>
<td>7.00%</td>
</tr>
<tr>
<td>F-1</td>
<td>-</td>
<td>A-1</td>
<td>350 bps</td>
<td>7.50%</td>
</tr>
<tr>
<td>F-2</td>
<td>P-2</td>
<td>A-2</td>
<td>550 bps</td>
<td>8.00%</td>
</tr>
<tr>
<td>Lower than F-2 (or rating withdrawn for credit reasons)</td>
<td>Lower than P-2 (or rating withdrawn for credit reasons)</td>
<td>Lower than A-2 (or rating withdrawn for credit reasons)</td>
<td>Max Rate</td>
<td>Max Rate</td>
</tr>
</tbody>
</table>

If the individual Prevailing Ratings indicate different E or F variables as a result of split ratings assigned to the Authority, the E or F variable shall be the arithmetic average of those indicated by the Prevailing Ratings. In no event shall the Extended Rate exceed the Maximum Interest Rate.

This Commercial Paper Note shall not be subject to redemption at the option of the System prior to its Original Maturity Date. If the System exercises its option to extend the maturity of this Commercial Paper Note to the Extended Maturity Date, this Commercial Paper Note may be redeemed on any date after its Original Maturity Date, at the option of the System, at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, the System shall provide not less than five (5) or more than twenty-five (25) calendar days’ notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Commercial Paper Notes to be redeemed within one Business Day of receipt of such notice.

This Commercial Paper Note, together with the other Notes and other Parity Obligations, is payable from and equally secured by the Pledged Revenues; provided, however, that the lien on and pledge of the Pledged Revenues is junior and subordinate to the lien and pledge securing the payment of the Prior Encumbered Obligations, all as further defined and described in the Resolution. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues as described in the Resolution, and the Holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as described in the Resolution. THE NOTES DO NOT CONSTITUTE OR CREATE A DEBT OR LIABILITY OF THE STATE OF TEXAS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING AUTHORITY OF THE STATE OF TEXAS IS IN ANY MANNER PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE NOTES.

Reference is hereby made to the Resolution, copies of which may be obtained upon request to the Board, and by acceptance of this Commercial Paper Note the Holder hereof hereby assents to all of the terms and provisions of the Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the Notes and the Pledged Revenues; the conditions upon which the Resolution may be amended or
supplemented with or without the consent of the Holders of the Notes; and the right to issue obligations payable from and secured by the Pledged Revenues.

It is hereby certified and recited that all acts, conditions, and things required by law and the Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the Resolution.

This Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Commercial Paper Note may be registered to bearer or to any designated payee. Title to any Commercial Paper Note registered to bearer shall pass by delivery. If not registered to bearer, this Commercial Paper Note may be transferred only on the books of the Board maintained at the designated office of the Issuing and Paying Agent. Upon surrender hereof at the designated office of the Issuing and Paying Agent, this Commercial Paper Note may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) Commercial Paper Notes of authorized denominations of like interest rate and maturity, but only in the manner, and subject to the limitations, and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Commercial Paper Note.

This Commercial Paper Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

The System covenants to pay the principal of and interest on this Commercial Paper Note when due, whether by reason of maturity or redemption prior to maturity.

IN WITNESS WHEREOF, the Board has authorized and caused this Commercial Paper Note to be executed and attested on its behalf by the manual or facsimile signatures of the Vice Chancellor for Finance of the System and the Secretary of the Board and the official seal of the System impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM

__________________________________
Vice Chancellor for Finance

ATTEST:

__________________________________
Secretary

(SEAL)
CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned Resolution.

________________________________________,

as Issuing and Paying Agent

By:  ________________________________

  Countersignature
EXHIBIT D
FORM OF EXTENSION REQUEST

Date ___________________

[Name and Address of Issuing and Paying Agent]

[Name and Address of Dealer]

EXTENSION REQUEST
Ladies and Gentlemen:

This certificate is provided pursuant to the requirements of Section 2.02(d) of the Twenty-Fourth Supplemental Resolution to the Master Resolution (the "Twenty-Fourth Supplement") adopted by the Board of Regents of The University of North Texas System, with respect to the issuance of the Board of Regents of The University of North Texas System Revenue Financing System Commercial Paper Notes, Series B, _____ Sub-Series, for the purpose of requesting the extension of a Commercial Paper Note, as provided herein. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Twenty-Fourth Supplement.

(a) The Commercial Paper Note is in the principal amount of $__________, bears interest at the stated rate of ____%, and has a stated Original Maturity Date of __________, 20__.  

(b) The Extended Maturity Date of the Commercial Paper Note shall be _______, 20__, which is a Business Day.  

(c) The certifications made in the Issuance Request delivered in connection with the initial issuance of the Commercial Paper Note are confirmed.  

(d) The term of the Commercial Paper Note, as extended to the Extended Maturity Date, does not exceed 270 days.

THE UNIVERSITY OF NORTH TEXAS SYSTEM

By ________________________________  
Authorized Representative
DEALER AGREEMENT

Between

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM

and

MORGAN STANLEY & CO. LLC

Dated as of December 1, 2016

Relating to

Board of Regents of the University of North Texas System
Revenue Financing System Commercial Paper Notes, Series B
This Dealer Agreement, dated as of December 1, 2016 (the "Agreement"), is between the BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM (the "University System") and MORGAN STANLEY & CO. LLC (the "Dealer"). For and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Background and Definitions.

(a) The University System has authorized the issuance and reissuance from time-to-time of its tax-exempt or taxable commercial paper notes (the "Series B Commercial Paper Notes") in the aggregate principal amount not to exceed $75,000,000 outstanding at any time.

(b) The University System originally authorized the issuance of the Series B Commercial Paper Notes pursuant to its "Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto" adopted on November 17, 2016 (the "Twenty-Fourth Supplement").

(c) The Twenty-Fourth Supplement provides for the appointment of commercial paper dealers to perform certain duties, including the offering and sale from time-to-time of the Series B Commercial Paper Notes on behalf of the University System.

(d) The Dealer has agreed to accept the duties and responsibilities under this Agreement with respect to the Series B Commercial Paper Notes under the Twenty-Fourth Supplement and this Agreement.

(e) Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Twenty-Fourth Supplement or in the Issuing and Paying Agent Agreement between the University System and U.S. Bank Trust National Association, dated as of December 1, 2016 (the "Issuing and Paying Agent Agreement").

(f) All references to time in this Agreement shall refer to prevailing time in New York, New York.

Section 2. Appointment of Dealer.

(a) Subject to the terms and conditions contained herein, the University System hereby appoints Morgan Stanley & Co. LLC as the Dealer for the Series B Commercial Paper Notes, and Morgan Stanley & Co. LLC hereby accepts such appointment.

(b) The Dealer shall act as non-exclusive Dealer with respect to the Series B Commercial Paper Notes. The Dealer acknowledges that the University System may enter into agreements with other dealers in connection with the offering and sale of the Series B Commercial Paper Notes on behalf of the University System as set forth in the Twenty-Fourth Supplement.
Section 3. Responsibilities of Dealer.

(a) Subject to the terms and conditions set forth in this Agreement, the Dealer agrees to perform the duties and responsibilities set forth in this Agreement. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Dealer will act solely as an agent and not as a principal, except as expressly provided in this Agreement. The Dealer shall use its best efforts to solicit and arrange sales of the Series B Commercial Paper Notes on behalf of the University System at such rates and maturities as may prevail from time to time in the market. The Dealer and the University System agree that any Series B Commercial Paper Notes which the Dealer may arrange the sale of or which, in the Dealer's sole discretion, it may elect to purchase, will be purchased or sold on the terms and conditions and in the manner provided in the Twenty-Fourth Supplement, the Issuing and Paying Agent Agreement and this Agreement. Anything herein to the contrary notwithstanding, to the extent of any conflict between the provisions hereof and of the Twenty-Fourth Supplement or the Issuing and Paying Agent Agreement, the provisions of the Twenty-Fourth Supplement and the Issuing and Paying Agent Agreement shall be controlling.

(b) Notwithstanding anything to the contrary contained herein, the Dealer:

(i) will suspend its efforts with respect to the offer or sale of the Series B Commercial Paper Notes on behalf of the University System upon the receipt of notice of the occurrence of an Event of Default under the Series B Commercial Paper Notes, the Twenty-Fourth Supplement, or the Issuing and Paying Agent Agreement; and

(ii) may, in its sole discretion which shall not be unreasonable or arbitrarily exercised, suspend its efforts with respect to the offer or sale of the Series B Commercial Paper Notes on behalf of the University System immediately upon the occurrence of any of the following events, which suspension will continue so long as such event continues to exist as to the Series B Commercial Paper Notes (the Dealer agrees to give notice of its suspension of efforts promptly after such suspension occurs):

(1) suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(2) a general moratorium on commercial banking or securities settlement or clearance services in New York is declared by either federal or New York State authorities;

(3) the engagement by the United States in hostilities if the effect of such engagement, in the Dealer's reasonable judgment, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the Series B Commercial Paper Notes;

(4) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction
of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Series B Commercial Paper Notes, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended and then in effect, or the Securities Exchange Act of 1934, as amended and then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Series B Commercial Paper Notes, as contemplated hereby;

(5) any event shall occur or information shall become known, which makes untrue, incorrect or misleading in any material respect any statement or information contained in any disclosure documents provided to the Dealer by the University System in connection with the performance of its duties hereunder, whether provided pursuant to Section 8 hereof or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(6) any governmental authority shall impose, as to the Series B Commercial Paper Notes, or obligations of the general character of the Series B Commercial Paper Notes, any material restrictions not now in force, or increase materially those now in force;

(7) any of the representations and warranties of the University System made in this Agreement shall not have been true and correct;

(8) the University System fails to observe any of the covenants or agreements made in this Agreement or if the Twenty-Fourth Supplement or the Issuing and Paying Agent Agreement is no longer in full force and effect;

(9) any of the rating agencies then rating the Series B Commercial Paper Notes shall either (i) downgrade the short-term ratings assigned to the Series B Commercial Paper Notes or (ii) suspend or withdraw the then current ratings assigned to the Series B Commercial Paper Notes;

(10) an actual or imminent default or a moratorium in respect of payment of any U.S. Treasury bills, bonds or notes occurs, the effect of which, in the Dealer's reasonable judgment, makes it impractical to market the Series B Commercial Paper Notes or to enforce contracts for the sale of the Series B Commercial Paper Notes; or

(11) trading of any securities of the University System shall have been suspended on any exchange or in any over-the-counter market;
any material adverse change in the financial markets
generally which is, in the reasonable judgment of the Dealer, so material
and adverse as to make it impracticable or inadvisable to proceed with the
offering or sale of the Series B Commercial Paper Notes; or

(iii) legislation shall have been enacted by the Congress of
the United States (the "Congress"), introduced in the Congress or
recommended to the Congress for passage by the President of the United
States or the United States Department of the Treasury (the "Treasury
Department") or the Internal Revenue Service or any member of the
Congress or favorably reported for passage to either House of Congress by
any Committee of such House to which such legislation has been referred
for consideration or passed by either House of Congress, (ii) a decision
shall have been rendered by a court of the United States or the United
States Tax Court, or (iii) an order, ruling or communication (including a
press release) shall have been issued by the Treasury Department or other
agency with competent jurisdiction, in each case with respect to federal
taxation upon revenues or other income derived by the University System
or any similar body, or upon interest received on obligations of the general
character of the Tax-Exempt Commercial Paper Notes, that in the
reasonable judgment of the Dealer materially adversely affects the market
for the Tax-Exempt Commercial Paper Note.

Section 4. Transactions in Series B Commercial Paper Notes. All transactions in
Series B Commercial Paper Notes between the Dealer and the University System shall be in
accordance with the Twenty-Fourth Supplement, the Issuing and Paying Agent Agreement, this
Agreement and with the customs and practices in the commercial paper market regarding
settlement and delivery formally adopted in writing from time to time by the New York
Clearinghouse, to the extent not inconsistent with the Twenty-Fourth Supplement. As early as
possible, but not later than 2:30 p.m. on the day on which any Series B Commercial Paper Note
is to be issued, the Dealer shall notify the University System of the proposed final maturities,
prices and interest rates (which interest rates shall not exceed the Maximum Interest Rate as
defined in the Twenty-Fourth Supplement), and provide the University System with any other
information as required for delivery of such Series B Commercial Paper Notes. Except as
described below, the Dealer shall not be obligated to purchase or cause the purchase of any
Series B Commercial Paper Notes unless and until agreement has been reached in each case on
the foregoing points and the Dealer has agreed to such purchase. Not later than 2:30 p.m. on the
date of each transaction the Dealer shall either (a) confirm each transaction made with or
arranged by it or (b) notify the University System and the Issuing and Paying Agent of the
difference, if any, between the amount of maturing Series B Commercial Paper Notes and the
amount of Series B Commercial Paper Notes which the Dealer has arranged to sell or has agreed
to purchase. Such confirmation or notification shall be given by telephone (or by other
telecommunications medium acceptable to the University System) and in writing to the
University System and the Issuing and Paying Agent pursuant to the requirements of Section
14(a) hereof.
Section 5. Payment for Series B Commercial Paper Notes. The Dealer shall pay for the Series B Commercial Paper Notes sold by the Dealer (or purchased by the Dealer for its own account) in immediately available funds by 2:00 p.m. on the Business Day such Series B Commercial Paper Notes are delivered to the Dealer (provided that such Series B Commercial Paper Notes are so delivered to the Dealer by 12:30 p.m. on such Business Day). All Tax Exempt Commercial Paper Notes will be sold at par, while Taxable Commercial Paper Notes may be sold at par or at a discount, and each sub-series of the Series B Commercial Paper Notes will be evidenced either by (i) a global Master Series B Commercial Paper Note immobilized with The Depository Trust Company of New York or (ii) Series B Commercial Paper Notes in the form attached to the Twenty-Fourth Supplement.

Section 6. Authorized Representative. Series B Commercial Paper Note transactions with the University System, pursuant to Section 4 hereof, shall be with any one of the officers or employees of the University System who are designated as an Authorized Representative by certificate signed by the Authorized Representative. The initial written designation of the Authorized Representatives is appended hereto as Appendix A. By approving this Agreement, the Board of Regents approves the designation of the individuals named in Appendix A to act as Authorized Representatives for all purposes under the Twenty-Fourth Supplement. The University System agrees to provide the Dealer with revised written designations in the form of Appendix A when and as required by changes in the Authorized Representatives. The Dealer may rely upon such designation unless and until otherwise notified in writing by the University System.

Section 7. Resignation and Removal of Dealer. The Dealer may at any time resign and be discharged of its duties and obligations hereunder upon providing the University System and the Issuing and Paying Agent with sixty (60) days' prior written notice or, if earlier, on the date that a replacement Dealer has been appointed by the University System if the University System in its sole discretion elects to appoint a replacement Dealer. The Dealer may be removed at any time, at the direction of the University System upon seven (7) days' prior written notice to the Dealer and the Issuing and Paying Agent. The Dealer shall assign and deliver this Agreement to its successor if requested by the University System.


(a) Prior to the first issuance of Series B Commercial Paper Notes under the Twenty-Fourth Supplement, the University System agrees to furnish the Dealer with as many copies as the Dealer may reasonably request of the offering memorandum of the University System relating to each sub-series of the Series B Commercial Paper Notes (collectively, the "Offering Memorandum"), and such other information with respect to the University System and the Series B Commercial Paper Notes as the Dealer shall reasonably request from time to time.

(b) The University System agrees to cooperate with the Dealer in the preparation from time-to-time of a new Offering Memorandum of the University System for each sub-series of the Series B Commercial Paper Notes in the event the Dealer determines that the preparation and distribution of such Offering Memorandum is necessary or desirable in connection with offering and sale on behalf of the University System of the Series B Commercial Paper Notes,
and to furnish or to cause to be furnished to the Dealer as many copies of such new Offering Memorandum as the Dealer may reasonably request.

(c) If, at any time during the term of this Agreement, any event shall occur or facts become known to either party that might affect the correctness or completeness of any statement of a material fact contained in the then current Offering Memorandum, such party shall promptly notify the other in writing of the circumstances and details of such event. The University System agrees to promptly furnish to the Dealer a copy of each filing or notice made to anyone (whether in connection with the Series B Commercial Paper Notes or not) pursuant to any undertaking or other agreement of the University System made under any provision of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission.

Section 9. Indemnification and Contribution. To the extent permitted by Texas law, the University System agrees to indemnify the Dealer and to hold the Dealer harmless against any loss, damage, claim, liability or expense (including reasonable cost of defense) arising out of, or based upon, any allegation that any of the information provided by the University System to the Dealer pursuant to this Agreement includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein not misleading in light of circumstances under which they were made.

Section 10. Fees and Expenses. In addition to any fees paid by the University System in connection with the creation of the commercial paper program pursuant to which the Series B Commercial Paper Notes shall be issued, as compensation to the Dealer hereunder, the University System agrees to pay to the Dealer during each calendar year a fee equal to 0.10% times the principal amount of the Series B Commercial Paper Notes Outstanding, times the number of days such Series B Commercial Paper Notes shall be Outstanding, divided by 365 or 366 days (as appropriate), payable quarterly (for quarters ending March 31, June 30, September 30 and December 31, commencing with the quarter ending March 31, 2017) in arrears on the first day of each April, July, October and January.

Section 11. Representations, Warranties, Covenants and Agreements of the University System. The University System, by its acceptance hereof, represents, warrants, covenants, and agrees with the Dealer that:

(a) it is a state agency created and functioning under the Constitution and laws of the State of Texas;

(b) it has full power and authority to take all actions required or permitted to be taken by the University System by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and any other instrument or agreement relating thereto to which the University System is a party;

(c) it has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date to authorize (i) the execution, delivery and performance of this Agreement, the Twenty-Fourth Supplement and any other instrument or agreement to which the University System is a party and which has been or will be executed in connection with the transactions contemplated by the foregoing documents; and (ii) the carrying out, giving effect to,
consummation and performance of the transactions and obligations contemplated by the
foregoing agreements and by the current Offering Memorandum;

(d) it will provide the Dealer at its address set forth below, within 190 days of the
end of each fiscal year, a copy of its annual continuing disclosure undertaking filing for that
fiscal year, as further described in Section 8.09 of the Twenty-Fourth Supplement;

(e) it will promptly notify the Dealer by electronic means, if possible, and, if not
possible, by other communication made in writing, of any material adverse changes that may
affect the offering and sale on behalf of the University System of the Series B Commercial Paper
Notes or any fact or circumstance which may constitute, or with the passage of time will
constitute, an Event of Default under the Series B Commercial Paper Notes, the Twenty-Fourth
Supplement or the Issuing and Paying Agent Agreement;

(f) Offering Memoranda and supplements, amendments and updates to any
thereof, furnished by the University System and used by the Dealer (including amendments,
supplements and replacements thereof), until such time as they shall have been subsequently
amended, updated or replaced, shall not contain any untrue, incorrect or misleading statement of
a material fact or omit to state a material fact required to be stated therein or necessary to make
the statements made therein, in light of the circumstances under which they were made, not
misleading; and

(g) it will provide to the Dealer within two (2) Business Days of the execution of
any credit or liquidity facility agreement related to the Series B Commercial Paper Notes or
amendment thereto including any extension of any such facility, a copy of such executed
agreement or amendment.

Section 12. Term of Agreement. This Agreement shall become effective on the date
hereof and shall continue in full force and effect until the Maximum Maturity Date of the Series
B Commercial Paper Notes, as defined in the Twenty-Fourth Supplement, subject to the right of
suspension and termination as provided herein. This Agreement may be terminated by either
party upon sixty (60) days written notice; provided, however, an early termination of this
Agreement by either party shall not be effective until (a) a successor Dealer has been appointed
by the University System and such appointment has been accepted by such successor, and (b)
notice has been given to the Holders of the Series B Commercial Paper Notes, the Issuing and
Paying Agent and any rating agency then issuing a rating on the Series B Commercial Paper
Notes of the appointment of the successor Dealer. If the sixty (60) day notice period expires and
no successor has been appointed, the Dealer, at the expense of the University System, has the
right to petition a court of competent jurisdiction to appoint a successor under this Agreement.
Further, the Dealer and the University System agree that the effective date of an early
termination of this Agreement shall not occur at any time which would disrupt, delay or
otherwise adversely affect the payment of the Series B Commercial Paper Notes.

Section 13. Dealing in Series B Commercial Paper Notes by the Dealer; No
Obligation to Purchase Series B Commercial Paper Notes. (a) The Dealer, in its individual
capacity, may in good faith buy, sell, own, hold and deal in any of the Series B Commercial
Paper Notes, including, without limitation, any Series B Commercial Paper Notes offered and
sold by the Dealer pursuant to this Agreement, and may join in any action which any Registered Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the University System and may act as depositary, account party, or agent for any committee or body of owners of the Series B Commercial Paper Notes or other obligations of the University System as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall be deemed to constitute the Dealer an underwriter of the Series B Commercial Paper Notes or to obligate the Dealer to purchase any Series B Commercial Paper Notes for its own account at any time.

Section 14. Miscellaneous. (a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to:

The Dealer:
Morgan Stanley & Co. LLC
1585 Broadway, 2nd Floor
New York, New York 10036
Attention: Municipal Short Term Products
Telephone: (212) 761-9093
Fax: (212) 507-2103
E-Mail: short-term-notice@morganstanley.com

The University System:
Board of Regents of the University of North Texas System
1901 Main Street, Seventh Floor
Dallas, Texas 75201
Attention: Vice Chancellor for Finance
Telephone: (214) 752-5541
Fax: (214) 752-8827
E-Mail: janet.waldron@untsystem.edu

The Issuing and Paying Agent:
U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Services
Telephone: (212) 951-8512
Fax: (212) 361-6153
E-Mail: mmi.processing@usbank.com
Each party hereto may, by notice given under this Agreement to the other parties described above, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" shall not include any purchaser of any of the Series B Commercial Paper Notes merely because of such purchase. No owner of the Series B Commercial Paper Notes or other third party shall have any rights or privileges hereunder.

(c) All of the representations and warranties of the University System and the Dealer in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Dealer or the University System, (ii) the offering and sale of and any payment for any Series B Commercial Paper Notes hereunder, or (iii) suspension, termination or cancellation of this Agreement.

(d) This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties.

(e) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

(f) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(g) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(h) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas except that the duties and obligations of the Dealer shall be governed by the laws of the State of New York. Each party hereto irrevocably waives, if and to the extent permitted by applicable law, any and all right to a trial by jury in any action, suit or legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 15. Relationship of Parties. The University System acknowledges and agrees that (i) the offer and sale of the Series B Commercial Paper Notes pursuant to this Agreement is an arm’s length commercial transaction between the University System and the Dealer, (ii) in connection with such transaction, the Dealer is acting solely as a principal and not as a fiduciary of the University System, (iii) the Dealer is not acting as a Municipal Advisor (as defined in Section 17B of the Securities Exchange Act of 1934, as amended), (iv) the Dealer has not assumed a fiduciary responsibility in favor of the University System with respect to the offer or sale of the Series B Commercial Paper Notes or the process leading thereto (whether the Dealer,
or any affiliate of the Dealer, has advised or is currently advising the University System on other matters) or any obligation to the University System except the obligations expressly set forth in this Agreement, (v) the Dealer has financial and other interests that differ from those of the University System, and (vi) the University System has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offer and sale of the Series B Commercial Paper Notes.

[Remainder of page intentionally left blank. Signature page follows.]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM

By: ______________________________
Name: ____________________________
Title: _____________________________

MORGAN STANLEY & CO. LLC

By: ______________________________
Name: ____________________________
Title: _____________________________
**APPENDIX A**

**CERTIFICATE OF AUTHORIZED REPRESENTATIVES**

We are the officers acting on behalf of the Board of Regents of the University of North Texas System (the "University System") as specified below. We are duly authorized pursuant to the "Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto" adopted on November 17, 2016 (the "Twenty-Fourth Supplement") to act severally as an Authorized Representative (as defined in the Twenty-Fourth Supplement) in connection with the issuance, from time to time, by the University System of commercial paper notes (the "Series B Commercial Paper Notes") in accordance with the Twenty-Fourth Supplement. The specimen signature of each Authorized Representative is set forth beside their respective names.

<table>
<thead>
<tr>
<th>Authorized Representatives</th>
<th>Title</th>
<th>Specimen Signature</th>
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<td></td>
</tr>
<tr>
<td>Don Dober</td>
<td>Director, Cash Management</td>
<td></td>
</tr>
</tbody>
</table>

Executed this ____ day of ________, 2016.

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed above in my presence.

Given under my hand and seal of office this ____ day of ____________, 2016.

(Notary Seal) Notary Public
ISSUING AND PAYING AGENT AGREEMENT

This Issuing and Paying Agent Agreement (this "Agreement") is entered into as of December 1, 2016, between the Board of Regents (the "Board") of the University of North Texas System (the "University System"), a state agency organized and existing under the Constitution and laws of the State of Texas, and U.S. Bank National Association (the "Issuing and Paying Agent"), a national banking association organized and existing under the laws of the United States. All capitalized terms used but not otherwise defined herein shall have the meanings specified in the Twenty-Fourth Supplement (as hereinafter defined).

1. Appointment. The University System has appointed U.S. Bank National Association as the Issuing and Paying Agent hereunder, and U.S. Bank National Association hereby accepts such appointment as the Issuing and Paying Agent in connection with the issuance and payment of up to $75,000,000 aggregate principal amount of "Board of Regents of the University of North Texas System Revenue Financing System Commercial Paper Notes, Series B" (the "Series B Commercial Paper Notes") pursuant to the "Amended and Restated Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of the Board of Regents of the University of North Texas" (the "Master Resolution") and the "Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto" adopted on November 17, 2016 (the "Twenty-Fourth Supplement"), providing for the issuance of the Series B Commercial Paper Notes. Such Series B Commercial Paper Notes are to be initially issued in book-entry form only and are to be initially evidenced by a Master Series B Commercial Paper Note for each Sub-Series, Taxable or Tax-Exempt (the "Master Series B Commercial Paper Notes"), each in the form attached to the Twenty-Fourth Supplement.

The Issuing and Paying Agent agrees to observe and perform its duties and obligations hereunder and under the Twenty-Fourth Supplement. Without limiting the generality of the foregoing, the Issuing and Paying Agent shall establish and maintain the Series B Commercial Paper Notes and all required accounts and subaccounts required by the Twenty-Fourth Supplement. The Issuing and Paying Agent agrees to provide to the University System a monthly report on the first business day of each month, which report shall set forth such information regarding the authentication and issuance of Series B Commercial Paper Notes during the prior month, as the University System and the Issuing and Paying Agent shall have agreed upon.

The Issuing and Paying Agent agrees to keep such books and records, including, without limitation, a complete record of all Issuance Requests, as shall be consistent with industry practice and as may reasonably be requested by the University System, and to make such books and records available for inspection by the University System, such books and records to be available on each business day during reasonable business hours, and, if so requested, to send copies of such books and records to the University System, as applicable.

2. Certificate Agreement. The Issuing and Paying Agent acknowledges that (i) it has previously entered into a commercial paper certificate agreement (the "Certificate Agreement") a copy of which is appended hereto as Exhibit A with The Depository Trust Company, New York, New York ("DTC"), and (ii) the continuation in effect of the Certificate Agreement is a necessary prerequisite to the Issuing and Paying Agent's providing services related to the issuance and payment
of the Series B Commercial Paper Notes while the Series B Commercial Paper Notes are in book-
entry only form and DTC is the Depository.

3.  **Letter of Representations; Twenty-Fourth Supplement; Designated Authorized
Representatives.** Prior to the issuance of any Series B Commercial Paper Notes, the University
System shall deliver to the Issuing and Paying Agent an executed Letter of Representations (the
"Letter of Representations"), a copy of which is attached hereto as Exhibit B. The Letter of
Representations, when executed by the University System, the Issuing and Paying Agent and DTC,
shall supplement the provisions of this Agreement, and the University System and the Issuing and
Paying Agent shall be bound by the provisions of the Letter of Representations, to the extent not
inconsistent with the provisions of the Twenty-Fourth Supplement.

The University System has delivered to the Issuing and Paying Agent (a) certified copies of
the Master Resolution and the Twenty-Fourth Supplement and (b) a certified original Certificate of
Authorized Representatives (the "Certificate of Authorized Representatives") setting forth the
Authorized Representatives, containing the name, title and true signature of those officers of the
University System designated by the University System as an Authorized Representative pursuant
to the Twenty-Fourth Supplement, to take action with respect to the Series B Commercial Paper Notes,
which certificate is attached hereto as Exhibit C. By approving this Agreement, the Board approves
the designation of the individuals named in the Certificate of Authorized Representatives to act as
Authorized Representatives for all purposes under the Twenty-Fourth Supplement. The University
System agrees to provide the Issuing and Paying Agent with a revised Certificate of Authorized
Representatives when there are changes in the Authorized Representatives. Until the Issuing and
Paying Agent receives any subsequent Certificate of Authorized Representatives, the Issuing and
Paying Agent shall be entitled to rely on the last Certificate of Authorized Representatives delivered
to it for the purpose of determining the Authorized Representatives.

4.  **Master Series B Commercial Paper Note.** Prior to the issuance of any Series B
Commercial Paper Notes, the University System shall deliver to the Issuing and Paying Agent the
Master Series B Commercial Paper Notes evidencing the Series B Commercial Paper Notes. Such
Master Series B Commercial Paper Notes shall be duly executed, specify the date of issuance,
the series of Series B Commercial Paper Notes, and be registered in the name of Cede & Co., as
nominee of DTC, all as provided in the Twenty-Fourth Supplement.

5.  **Issuance Requests.** Issuance Requests shall be in the form attached hereto as Exhibit
D. Issuance Requests may be delivered by an Authorized Representative through an electronic
instruction and reporting communication service offered by either the Dealer or the Issuing and
Paying Agent pursuant to Section 10 hereof, in each case received by the Issuing and Paying Agent
at the address specified in Section 17 hereof prior to 2:00 p.m. on the day on which such Issuance
Request is to be operative.

If the Issuing and Paying Agent, at its option, acts upon an Issuance Request received after
2:00 p.m. on the day on which the Issuance Request is to be operative, the University System
understands and agrees that (a) such Issuance Request shall be acted upon on a best efforts basis, and
(b) the Issuing and Paying Agent makes no representation or warranty that the issuance and delivery
of any Series B Commercial Paper Note pursuant to such Issuance Request shall be completed prior
to the close of business on such date.

Any Issuance Request given by telephone shall be confirmed to the Issuing and Paying Agent
in writing, either by regular mail (upon receipt), electronic transmission or facsimile, by an
Authorized Representative prior to 2:00 p.m. in the form of Exhibit D hereto on the day on which
such Issuance Request is to be operative.

6. Issuance. The Issuing and Paying Agent’s duties and responsibilities in connection
with the issuance of the Series B Commercial Paper Notes shall include:

a. holding the Master Series B Commercial Paper Notes in safekeeping and
completing or causing to be completed, each Master Series B Commercial Paper Note as to
amount, date, maturity date, interest rate and interest amount upon receipt of Issuance
Requests in accordance with the Twenty-Fourth Supplement;

b. (1) verifying that the aggregate principal amount of Series B Commercial
Paper Notes described in each Issuance Request (together with the interest thereon), plus the
aggregate principal amount of all Series B Commercial Paper Notes then outstanding
(together with the interest thereon), less the aggregate principal amount of any of the then
Outstanding Series B Commercial Paper Notes to be retired concurrently with the issuance of
the Series B Commercial Paper Notes described in the Issuance Request (including interest
thereon), does not exceed the maximum principal amount of the Series B Commercial Paper
Notes authorized in section 2.01 of the Twenty-Fourth Supplement to be outstanding at any
one time (the "Authorized Amount"), and (2) assigning to each Issuance Request received
from the University System a CUSIP number;

c. causing to be delivered an Series B Commercial Paper Note on behalf of the
University System upon receipt of instructions from an Authorized Representative, as to the
series, principal amount, registered owner, Issue Date, Original Maturity Date, Extended
Maturity Date, Original Rate and Extended Rate by way of data entry transfer to the DTC
MMI Same Day Funds Settlement System ("SDFS"), and to receive from SDFS a
confirmation receipt that such delivery was effected; and

d. holding the amounts on deposit in the appropriate funds and accounts
established pursuant to the Twenty-Fourth Supplement separate from all other funds,
accounts and subaccounts of the Issuing and Paying Agent, and applying such amounts in
accordance with the terms hereof and of the Twenty-Fourth Supplement.

The Issuing and Paying Agent shall have no duty or responsibility to make any transfer of the
proceeds of the sale of the Series B Commercial Paper Notes, or to advance any moneys or effect
any credit with respect to such proceeds or transfers unless and until the Issuing and Paying Agent
has actually received the proceeds of the sale of the Series B Commercial Paper Notes.

7. Payment. The Issuing and Paying Agent’s duties and responsibilities in connection
with the payment of the Series B Commercial Paper Notes shall include:

a. upon presentment at maturity of any Series B Commercial Paper Note, or
prior redemption of any Series B Commercial Paper Note that has been extended to its
Extended Maturity Date, paying the principal of and interest on the Series B Commercial
Paper Note to the Owner thereof;

b. crediting amounts received from the University System for the payment of the
principal of or interest on the Series B Commercial Paper Notes to the related Series subaccount of the Note Payment Fund; and

c. keeping amounts on deposit in the Note Payment Fund separate from all other funds, accounts and subaccounts of the Issuing and Paying Agent, and utilizing such amounts in accordance with the terms hereof and of the Twenty-Fourth Supplement.

The Issuing and Paying Agent shall have no obligation to pay amounts due on the Series B Commercial Paper Notes at their Original Maturity Date or Extended Maturity Date, as applicable, other than from funds received by the Issuing and Paying Agent from, or for the account of, the University System, from the proceeds of Series B Commercial Paper Notes or refunding bonds issued in accordance with procedures established by the Master Resolution and a supplement to the Master Resolution.

8. **References to Time.** All references to time in this Agreement shall refer to prevailing time in New York, New York.

9. **Notice.** The Issuing and Paying Agent's duties and responsibilities in connection with providing notification of certain matters described in the Twenty-Fourth Supplement shall include:

   a. notification by 5:00 p.m. one Business Day prior to the Original Maturity Date and any Extended Maturity Date, as applicable, of any Series B Commercial Paper Notes to the University System of the total amount due with respect to such maturing Series B Commercial Paper Notes;

   b. notification by 3:00 p.m. on the Original Maturity Date and any Extended Maturity Date, as applicable, of any Series B Commercial Paper Notes to the University System, if the proceeds of Series B Commercial Paper Notes to be issued on such date, are insufficient to repay the maturity of such Series B Commercial Paper Notes on the Original Maturity Date, which notification shall specify the amount of the deficiency;

   c. monthly notification to the University System on the first Business Day of each month stating the amount of interest payable on Series B Commercial Paper Notes during the prior month; and

   d. any notification to be provided by the Issuing and Paying Agent as specified in the Twenty-Fourth Supplement.

10. **Operating System.** Issuance Requests may be delivered by an Authorized Representative through either the Dealer's or the Issuing and Paying Agent's commercial paper electronic instruction and reporting communication service (each a "System", and collectively the "Systems"). Electronic instructions must be transmitted in accordance with the procedures furnished by either the Dealer or the Issuing and Paying Agent, as applicable, to the University System in connection with the Systems. These transmissions shall be the equivalent to the giving of a written Issuance Request to the Issuing and Paying Agent. If either System is inoperable at any time, an Authorized Representative may deliver written, telephone or facsimile instructions to the Issuing and Paying Agent, which instructions shall be verified in accordance with any security procedures agreed upon by the parties.
11. **Representations of the University System.**

   a. The University System represents to the Issuing and Paying Agent that this Agreement and the Series B Commercial Paper Notes have been duly authorized, and that this Agreement, when executed, and the Series B Commercial Paper Notes, when issued in accordance with the Issuance Requests and the Twenty-Fourth Supplement, will be valid and enforceable special obligations of the University System according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable or general principles of equity which permit the exercise of judicial discretion.

   b. The University System represents to the Issuing and Paying Agent that each Series B Commercial Paper Note issued under this Agreement will be exempt from registration under the Securities Act of 1933, as amended and then in effect.

Each Issuance Request to issue Series B Commercial Paper Notes under this Agreement and the Twenty-Fourth Supplement shall be deemed a representation by the University System as of the date thereof that such issuance conforms in all respects to the requirements of the Twenty-Fourth Supplement and this Agreement, and that the representations herein are true and correct as if made on and as of such date.

12. **Additional Information.** Upon the reasonable request of the University System given at any time and from time to time, the Issuing and Paying Agent agrees promptly to provide the University System with information with respect to the Series B Commercial Paper Notes, issued and paid hereunder. Such request shall be in written form and shall include the principal amount, date of issue, maturity date, interest rate and amount of interest, as applicable, of each Series B Commercial Paper Note which has been issued or paid by the Issuing and Paying Agent, and for which the request is being made.

13. **Compensation.** The University System agrees to pay compensation for the Issuing and Paying Agent's services pursuant to this Agreement in accordance with the Issuing and Paying Agent's fee schedule, as amended from time to time, and to reimburse the Issuing and Paying Agent for related disbursements (including the reasonable fees and expenses of counsel). The University System shall also reimburse the Issuing and Paying Agent for any fees and charges imposed by the Depository with respect to Series B Commercial Paper Notes issued in book-entry form.

14. **Liability.** The University System agrees that the Issuing and Paying Agent shall not be liable for any losses, damages, liabilities or costs suffered or incurred by the University System or the Issuing and Paying Agent as a result of (a) the Issuing and Paying Agent's having duly executed Issuance Requests in good faith in accordance therewith and with the Twenty-Fourth Supplement and this Agreement, except to the extent, if any, that such execution constitutes negligence by the Issuing and Paying Agent; (b) the Issuing and Paying Agent's improperly executing or failing to execute any Issuance Requests because of any material error contained in information provided by the University System to the Issuing and Paying Agent for the purpose of preparing such Issuance Request, failure of communications media or any other circumstances beyond the Issuing and Paying Agent's control; (c) the actions or inactions of DTC or any broker, dealer, consignee or agent not
selected by the Issuing and Paying Agent; or (d) any other acts or omissions of the Issuing and Paying Agent (or of any of its agents, directors, officers, employees or correspondents) relating to this Agreement or the transactions or activities contemplated hereby, except to the extent, if any, that such other acts or omissions constitute negligence or willful misconduct by the Issuing and Paying Agent. This Section shall survive any termination of this Agreement, the issuance and payment of any Series B Commercial Paper Notes and the resignation or removal of the Issuing and Paying Agent.

15. Indemnity. To the extent permitted by Texas law, the University System agrees to indemnify and hold the Issuing and Paying Agent, its employees and any of its officers and agents harmless from and against, and the Issuing and Paying Agent shall not be liable for, any loss, damage, claim, liability or expense (including reasonable cost of defense) arising out of, or based upon the performance of the Issuing and Paying Agent's duties under this Agreement; provided, however, that the University System shall not be liable to indemnify or pay the Issuing and Paying Agent or any of its officers or employees with respect to any loss, liability, action, suit, judgment, demand, damage, cost or expense that results from or is attributable to the Issuing and Paying Agent's negligence or willful misconduct or that of its officers or employees. The provisions of this Section shall survive (i) the Issuing and Paying Agent's resignation or removal hereunder and (ii) the termination of this Agreement.

16. Termination. Subject to the terms of the Twenty-Fourth Supplement, either the Issuing and Paying Agent or the University System may terminate this Agreement at any time, upon not less than sixty (60) days' prior written notice in the case of the Issuing and Paying Agent, and upon written notice in the case of the University System, to the other. No such termination shall affect the rights and obligations of the University System and the Issuing and Paying Agent which have accrued under this Agreement prior to termination. No termination can occur prior to a substitute Issuing and Paying Agent being appointed by the University System and assuming its duties under the Twenty-Fourth Supplement. If no substitute Issuing and Paying Agent has been appointed at the end of the sixty (60) day period, then the Issuing and Paying Agent may petition a court of competent jurisdiction to make such appointment.

17. Addresses. Issuance Requests hereunder shall be (a) mailed, (b) telephoned, (c) transmitted by facsimile device, or (d) transmitted electronically to the Issuing and Paying Agent at the address, telephone number or facsimile number specified below, and shall be deemed delivered upon receipt by the Issuing and Paying Agent at the address, telephone number and/or facsimile number specified below.

All notices, requests, demands and other communications hereunder (excluding Issuance Requests) shall be in writing and shall be deemed to have been duly given (a) upon delivery by hand (against receipt), (b) by facsimile, or (c) three (3) days after such notice, request, demand or other communication is delivered to a United States Post Office certified mail (against receipt) or by regular mail (upon receipt) to the party and at the address set forth below or at such other address as a party may designate by written notice:
If to the University System:

Board of Regents of the University of North Texas System
1901 Main Street, Seventh Floor
Dallas, Texas 75201
Attention: Vice Chancellor for Finance
Telephone: (214) 752-5541
Fax: (214) 752-8827
E-Mail: janet.waldron@untsystem.edu

If to the Issuing and Paying Agent:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Services
Telephone: (212) 951-8512
Fax: (212) 361-6153
E-Mail: mmi.processing@usbank.com

18. Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of Texas.

19. Assignment, Modification and Amendment; Issuing and Paying Agent's Successor in Interest. This Agreement may not be assigned by either the University System or the Issuing and Paying Agent, and may not be modified, amended or supplemented except by a writing or writings duly executed by an Authorized Representative and the Issuing and Paying Agent. Any corporation or national banking association into which the Issuing and Paying Agent may be merged or converted, or with which it may be consolidated, or any corporation or national banking association resulting from any merger, consolidation or conversion to which the Issuing and Paying Agent shall be a party, or any corporation or national banking association succeeding to the corporate trust business of the Issuing and Paying Agent, shall be the successor of the Issuing and Paying Agent if such successor corporation or national banking association is otherwise eligible, without the execution or filing of any document or the undertaking of any further act on the part of the Issuing and Paying Agent or such successor corporation or national banking association.

20. Complete Agreement. This Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof, and all prior agreements, understandings, representations, statements, promises, inducements, negotiations and undertakings between the parties with respect to said subject matter are superseded hereby. In the event of any inconsistency between the provisions hereof and the Twenty-Fourth Supplement, the provisions of the Twenty-Fourth Supplement shall govern.

21. Defined Terms. Any capitalized terms not defined in this Agreement shall have the meaning assigned in the Twenty-Fourth Supplement.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.
23. **Section Headings.** Section headings in this Agreement are for convenience of reference only, shall not constitute part of this Agreement and shall not be used to construe the meaning or intent of the provisions hereof.

24. **Waiver of Set-Off, Offset Lien or Counterclaims.** The Issuing and Paying Agent hereby waives to the fullest extent possible under applicable law any and all rights of set-off, offset, lien or counterclaim it may have with respect to any amounts held by it in the Note Payment Fund by reason of any claim it may have against the University System or any other person.

25. **Benefit of Agreement.** This Agreement is solely for the benefit of the parties hereto and the owners of the Series B Commercial Paper Notes, and no other person shall acquire or have any right under or by virtue hereof.

[Remainder of page intentionally left blank. Signature page follows.]
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM

By: ______________________________
Name: ______________________________
Title: ______________________________

U.S. BANK NATIONAL ASSOCIATION

By: ______________________________
Name: ______________________________
Title: ______________________________
EXHIBIT B

DTC Letter of Representations
EXHIBIT C

Certificate of Authorized Representatives

We are the officers and employees of the University of North Texas System (the "University System") as specified below. We are duly authorized pursuant to the "Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto" adopted on November 17, 2016 (the "Twenty-Fourth Supplement") and the Issuing and Paying Agent Agreement dated as of December 1, 2016 between the University System and U.S. Bank National Association to act severally as an Authorized Representative (as defined in the Twenty-Fourth Supplement) in connection with the issuance, from time to time, by the University System of commercial paper notes (the "Series B Commercial Paper Notes") in accordance with the Twenty-Fourth Supplement. The signature of each Authorized Representative is set forth beside their respective names.

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<td>Director, Cash Management</td>
<td></td>
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</table>

Executed this ____ day of _________, 2016.

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed above in my presence.

Given under my hand and seal of office this _____ day of _____________, 2016.

(Notary Seal) Notary Public
EXHIBIT D
Form of Issuance Request

Date

[Issuing and Paying Agent]

Re: Issuance Request for issuance and sale of Board of Regents of the University of North Texas System Revenue Financing System Commercial Paper Notes, Series B [(Tax-Exempt Sub-Series) / (Taxable Sub-Series)]

You are hereby requested, instructed and authorized to issue, authenticate and deliver Series B Commercial Paper Notes of the above referenced series in the principal amount(s) scheduled to mature and bearing interest upon receipt of the purchase price therefore from the identified purchaser(s), as shown in the attached Exhibit A hereto which is incorporated herein by reference and made a part of these instructions for all purposes. Terms capitalized but not otherwise defined hereon shall have the meaning ascribed to them in the "Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto" adopted on November 17, 2016 (the "Twenty-Fourth Supplement").

Upon receipt of the proceeds of sale of the Series B Commercial Paper Notes, (net of all expenses and costs of sale and issuance), the undersigned certifies that the same should be deposited and disbursed as follows.

$___ Deposit to the credit of the Note Payment Fund, Account No.____ and apply the deposit as follows: (1) for payment and redemption or purchase of Outstanding Series B Commercial Paper Notes, the amount of $___. Any proceeds not deposited to the credit of the Note Payment Fund as provided in the preceding sentence shall be transferred and deposited to the Construction Account for payment of Project Costs as set forth below.

$___ Wire transfer for deposit to the Construction Account: _____, for credit to the ___, the amount of $____ for the purpose of financing Project Costs.

$___ Principal amount of Series B Commercial Paper Notes Outstanding after this issuance.

Please forward debit and credit slips for each of the above transactions to the undersigned. The facts, estimates and reasonable expectations that are contained in Exhibit B to this instruction letter are incorporated herein and made a part of these instructions for all purposes. The undersigned, along with others is charged with responsibility for issuing the Series B Commercial Paper Notes.
Receipt of the Issuance Request and
Exhibits A and B thereto is hereby acknowledged:

By: ______________________________
Name: ______________________________
Title: ______________________________

Acting as an Authorized Representative

Cc: Mary Williams, FirstSouthwest, a Division of Hilltop Securities, Inc.
Jeff Leuschel, McCall, Parkhurst & Horton L.L.P.
EXHIBIT A TO ISSUANCE REQUEST

SCHEDULE TO INSTRUCTION LETTER*

Re: Issuance Request for issuance and sale of Board of Regents of the University of North Texas Revenue Financing System Commercial Paper Notes, Series B [(Tax-Exempt Sub-Series) / (Taxable Series)]

ISSUE DATE: ___________

CUSIP NO.: ____________________
Dealer(s): ____________________
Principal Amount: ____________________
Purchase Price: ____________________
Original Interest Rate: ____________________
Original Maturity Date: ____________________
Extended Maturity Date: ____________________
Denomination: ____________________
Issue Date: ____________________
Tax-Exempt or Taxable: ____________________

*Attach Direct Issuance Report
EXHIBIT B TO ISSUANCE REQUEST

INSTRUCTIONS OF AUTHORIZED REPRESENTATIVE

I, the undersigned Authorized Representative, hereby provide the following instructions, representations and certifications to U.S. Bank National Association, as Issuing and Paying Agent for the "Board of Regents of the University of North Texas System Revenue Financing System Commercial Paper Notes, Series B (Tax-Exempt Sub-Series)" and "Board of Regents of the University of North Texas System Revenue Financing System Commercial Paper Notes, Series B (Taxable Sub-Series)" (the "Series B Commercial Paper Notes"), in connection with the issuance of Series B Commercial Paper Notes [(Tax-Exempt Sub-Series) and/or (Taxable Sub-Series)] on the date indicated below. Capitalized terms used in this certificate which are not defined herein have the meanings ascribed to them in the "Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto)" adopted on November 17, 2016 (the "Twenty-Fourth Supplement") authorizing the issuance of the Series B Commercial Paper Notes.

1. All action on the part of the University System necessary for the valid issuance of the Series B Commercial Paper Notes now to be issued has been taken;
2. All provisions of State and federal law necessary for the valid issuance of this issuance of Series B Commercial Paper Notes have been complied with;
3. The Series B Commercial Paper Notes to be issued will be valid and enforceable special obligations of the University System according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable or general principles of equity which permit the exercise of judicial discretion;
4. After the issuance of the Series B Commercial Paper Notes and the application of the Proceeds thereof, the sum of the aggregate principal amount of Series B Commercial Paper Notes Outstanding will not exceed the Authorized Amount (as defined in the Issuing and Paying Agent Agreement);
5. To the University System's knowledge there has been no change in the facts, estimates, circumstances and representations of the University System set forth or made (as the case may be) in the Tax Certificate applicable to the Series B Commercial Paper Notes;1
6. The Extended Maturity Date of the Series B Commercial Paper Notes set forth in the Issuance Request does not extend beyond the Maximum Maturity Date;
7. The University System, has not been notified by Bond Counsel that its opinion with respect to the validity of the Series B Commercial Paper Notes and the tax treatment of the interest thereon has been revised or withdrawn or, if any such revision or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealer has been delivered;  
8. To the actual knowledge of the University System, no Event of Default has occurred and is now continuing;
9. $_______________ of Series B Commercial Paper Note Proceeds shall be deposited into the appropriate account of the Construction Account;
10. $_______________ of Series B Commercial Paper Note Proceeds shall be deposited into the appropriate subaccount of the Note Payment Fund to pay interest currently due on maturing Series B Commercial Paper Notes; and
11. All of the conditions precedent to the issuance of such Series B Commercial Paper Notes set forth in

1 Delete if Sub-Series is Taxable
the Twenty-Fourth Supplement have been satisfied.

Executed on ____________, 20__.

BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM

By: ______________________________

Name: ______________________________

Title: ______________________________

Acting as an Authorized Representative

Date of issuance of Series B Commercial Paper Notes
to which these instructions, representations and certifications relate: ____________, 20__
Title: Twenty-Fifth Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto

Background:
The University of North Texas System wishes to establish an extendible commercial paper “ECP” program with an aggregate amount not to exceed $75 million and to restrict the amount of outstanding balances on the current commercial paper “CP” program to $75 million from its current maximum amount of $100 million, which would provide a total aggregate amount of $150 million of CP and ECP available to meet the interim cash needs of the System for capital projects.

In contrast to traditional CP, which requires support from either cash (self-liquidity) or an external liquidity provider, the support that ECP requires is the issuer’s ability to sell bonds to refund the ECP. This resolution provides the required support.

Concurrently with the adoption of this resolution, the Board shall be presented for adoption the Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto.

Financial Analysis/History:
As market conditions are subject to change, the attached resolution would provide flexibility to issue refunding bonds in an expeditious fashion in order to adapt to potential shifts in the yield curve.

Legal Review:
This item has been reviewed by General Counsel.

Schedule:
Effective upon approval by the Board of Regents and will expire August 31, 2017.
Recommendation:

It is recommended that the Board of Regents approve the attached Twenty-Fifth Supplemental Resolution.

Recommended By: James Mauldin
Associate Vice Chancellor for Treasury

Attachments Filed Electronically:

- Twenty-Fifth Supplemental Resolution
Title: Twenty-Fifth Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, the University of North Texas System desires to establish an extendible commercial paper program in an aggregate amount not to exceed $75 million in order to facilitate interim financing needs, and

Whereas, concurrently the Board has authorized the issuance of extendible commercial paper not to exceed $75 million at any one time outstanding and adopted a Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas System Revenue Financing System Commercial Paper Program, Series B; Authorizing the Issuance of Tax-Exempt and Taxable Commercial Paper Notes; and Approving and Authorizing Instruments and Procedures Relating Thereto, and

Whereas, the Twenty-Fifth Supplemental Resolution would authorize the Vice Chancellor for Finance to issue bonds in one or more series, in an aggregate principal amount not to exceed $75 million, for the purpose of refunding any outstanding Series B Commercial Paper Notes, and paying the cost of issuance related to the sale of the bonds,

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

1. The attached Twenty-Fifth Supplemental Resolution the to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto.

VOTE: _____ ayes _____ nays _____ abstentions
BOARD ACTION:

Attested By: Rosemary R. Haggett, Secretary  
Board of Regents

Approved By: Brint Ryan, Chairman  
Board of Regents
TWENTY-FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO
TWENTY-FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

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TWENTY-FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

WHEREAS, on February 12, 1999, the Board adopted the "Amended and Restated Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of the Board of Regents of the University of North Texas" (referred to herein as the "Master Resolution"); and

WHEREAS, the Board heretofore has adopted a "FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "First Supplement") and pursuant to the First Supplement issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997" in the aggregate principal amount of $4,380,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "SECOND SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Second Supplement"); and

WHEREAS, the Second Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Second Supplement, and pursuant to the terms of the Second Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1999" in the aggregate principal amount of $32,540,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Third Supplement"); and
WHEREAS, the Third Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Third Supplement, and pursuant to the terms of the Third Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A" in the aggregate principal amount of $15,535,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Fourth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Fourth Supplement, and pursuant to the terms of the Fourth Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001" in the aggregate principal amount of $33,860,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Fifth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Fifth Supplement, and pursuant to the terms of the Fifth Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002" in the aggregate principal amount of $63,470,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Sixth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Sixth Supplement, and pursuant to the terms of the Sixth Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A" in the aggregate principal amount of $63,470,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "FOURTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Fourth Supplement"); and

WHEREAS, the Board heretofore has adopted a "FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Fifth Supplement"); and

WHEREAS, the Board heretofore has adopted a "SIXTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Sixth Supplement"); and
WHEREAS, the Sixth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Sixth Supplement, and pursuant to the terms of the Sixth Supplement the Vice Chancellor for Finance for the University System authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A" in the aggregate principal amount of $9,500,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "SEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Seventh Supplement"); and

WHEREAS, the Seventh Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Seventh Supplement, and pursuant to the terms of the Seventh Supplement the Pricing Committee authorized the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003" in the aggregate principal amount of $31,180,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an "EIGHTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Eighth Supplement"); and

WHEREAS, the Eighth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Eighth Supplement, and pursuant to the terms of the Eighth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A" in the aggregate principal amount of $6,185,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "NINTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Ninth Supplement"); and
WHEREAS, the Ninth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Ninth Supplement, and pursuant to the terms of the Ninth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B" in the aggregate principal amount of $4,980,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "SECOND AMENDED AND RESTATED TENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Tenth Supplement") and pursuant to the Tenth Supplement to the Master Resolution has the authority to issue from time to time and at any one time outstanding up to $100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution, except to the extent limited by the terms of the hereinafter defined Twenty-Fourth Supplement; and

WHEREAS, the Board heretofore has adopted an "ELEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Eleventh Supplement"); and

WHEREAS, the Eleventh Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Eleventh Supplement, and pursuant to the terms of the Eleventh Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005" in the aggregate principal amount of $76,795,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "TWELFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM, SERIES 2006; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twelfth Supplement"); and
WHEREAS, the Twelfth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Twelfth Supplement, and pursuant to the terms of the Twelfth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2007" in the aggregate principal amount of $56,050,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore adopted a "THIRTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM, SERIES 2009; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Thirteenth Supplement"); and

WHEREAS, the Thirteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Thirteenth Supplement, and pursuant to the terms of the Thirteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2009" in the aggregate principal amount of $38,650,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "FOURTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Fourteenth Supplement"); and

WHEREAS, the Fourteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Fourteenth Supplement, and pursuant to the terms of the Fourteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009A" in the aggregate principal amount of $159,310,000, its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2009B" in the aggregate principal amount of $15,800,000, and its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2010" in the aggregate principal amount of $57,625,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 18, 2011, the Board adopted a "RESTATED FIFTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING
THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Fifteenth Supplement"); and

WHEREAS, the Fifteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Fifteenth Supplement, and pursuant to the terms of the Fifteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2012A" in the aggregate principal amount of $75,890,000, and its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2012B" in the aggregate principal amount of $4,820,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 28, 2015, the Board adopted a "RESTATED SIXTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO", restating the resolution adopted by the Board on August 16, 2013, and which by its terms the authority to issue bonds expired on August 29, 2014 (defined as the "Sixteenth Supplement"); and

WHEREAS, the Sixteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Sixteenth Supplement, and pursuant to the terms of the Sixteenth Supplement, the Vice Chancellor for Finance for the University System effected the sale of and the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2015A" in the aggregate principal amount of $105,130,000, and its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2015B" in the aggregate principal amount of $73,035,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on February 20, 2014, the Board adopted a "SEVENTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, SERIES B; AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Seventeenth Supplement") and pursuant to the Seventeenth Supplement to the Master Resolution has the authority to issue from
time to time and at any one time outstanding up to $100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Seventeenth Supplement has not been implemented, and the authority to sell commercial paper notes under the terms of the Seventeenth Supplement has expired; and

WHEREAS, on February 20, 2014, the Board adopted an "EIGHTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (the "Eighteenth Supplement"); and

WHEREAS, the Eighteenth Supplement has not been implemented, and the authority to sell bonds under the terms of the Eighteenth Supplement has expired; and

WHEREAS, on May 15, 2014, the Board adopted an "NINETEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM DIRECT PURCHASE BONDS, SERIES 2014; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (the "Nineteenth Supplement"); and

WHEREAS, pursuant to the terms of the Nineteenth Supplement, the Board sold its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM DIRECT PURCHASE BONDS, SERIES 2014" in an aggregate principal of $120,000,000; and

WHEREAS, on April 9, 2015, the Board adopted a "TWENTIETH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twentieth Supplement"); and

WHEREAS, pursuant to the terms of the Twentieth Supplement, the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015" in the aggregate principal amount of $38,265,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on October 6, 2015, the Board adopted a "TWENTY-FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE
UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015C; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twenty-First Supplement"); and

WHEREAS, pursuant to the terms of the Twenty-First Supplement, the Board issued its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015C" in the aggregate principal amount of $45,865,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on May 20, 2016, the Board adopted a "TWENTY-SECOND SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, FORWARD DELIVERY SERIES 2018 AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twenty-Second Supplement"); and

WHEREAS, pursuant to the terms of the Twenty-Second Supplement, the Board authorized the issuance of its "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, FORWARD DELIVERY SERIES 2018" in the aggregate principal amount of $22,845,000 as Parity Obligations under the terms of the Master Resolution, with a scheduled delivery on March 14, 2018; and

WHEREAS, on August 19, 2016, the Board adopted a "TWENTY-THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (the "Twenty-Third Supplement"); and

WHEREAS, the Twenty-Third Supplement authorized the issuance of one or more series of Parity Bonds, in an aggregate principal amount not to exceed $510,000,000, and as of the date of the adoption of this Twenty-Fifth Supplement, no Parity Bonds have been issued under authority of the Twenty-Third Supplement; and

WHEREAS, concurrently with the adoption of this resolution, the Board adopted a "TWENTY-FOURTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, SERIES B; AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twenty-Fourth Supplement") and pursuant to the Twenty-Fourth Supplement to the Master Resolution has
the authority to issue from time to time and at any one time outstanding up to $75,000,000 in
aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of
the Master Resolution; and

WHEREAS, the Parity Obligations issued under the terms of the First Supplement, the
Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth
Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Eleventh
Supplement, the Twelfth Supplement and the Nineteenth Supplement are no longer outstanding, and
there are no Prior Encumbered Obligations outstanding; and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given
in the Master Resolution; and

WHEREAS, the Master Resolution establishes that the Revenue Financing System is to be
comprised of the University, UNT-Dallas and the Health Science Center, and pledges the Pledged
Revenues to the payment of Parity Obligations to be outstanding under the Master Resolution; and

WHEREAS, the Board has determined to implement the Revenue Financing System in order
to establish a system of financing improvements at the University, UNT-Dallas and the Health
Science Center in a manner consistent with Chapter 55, Texas Education Code; and

WHEREAS, the Board deems it necessary to issue, pursuant to the terms and conditions of
this resolution (this "Twenty-Fifth Supplement"), the bonds hereinafter authorized as Parity
Obligations issued pursuant to the Master Resolution, for the purposes hereinafter described; and

WHEREAS, the bonds authorized to be issued by this Twenty-Fifth Supplement (the
"Bonds") are to be issued and delivered under authority of applicable provisions of Chapter 1207,
Texas Government Code.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE
UNIVERSITY OF NORTH TEXAS SYSTEM THAT:

Section 1. DEFINITIONS. In addition to the definitions set forth in the preamble of this
Twenty-Fifth Supplement, the terms used in this Twenty-Fifth Supplement (except in the FORM OF
BONDS) and not otherwise defined shall have the meanings given in the Master Resolution or in
Exhibit "A" to this Twenty-Fifth Supplement attached hereto and made a part hereof.

Section 2. AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS. (a) Amount
and Designation of Bonds. The "BOARD OF REGENTS OF THE UNIVERSITY OF NORTH
TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS",
are hereby authorized to be issued and delivered, in one or more series, in an aggregate principal amount not to
exceed $75,000,000 FOR THE PURPOSE OF (i) REFUNDING ANY OUTSTANDING SERIES
B COMMERCIAL PAPER NOTES, AND (ii) PAYING THE COSTS OF ISSUANCE RELATED
TO THE SALE OF THE BONDS.
(b) **Refunded Commercial Paper Notes.** The Bonds hereby authorized to be issued by the Board for the purpose described in clause (i) of subsection (a) of this Section are being issued under authority of Chapter 1207, Texas Government Code, to refund the Refunded Commercial Paper Notes. The Refunded Commercial Paper Notes are being refunded to convert interim financing into long-term fixed rate financing, as contemplated by the Board in the operation of the interim financing program as provided for in the Twenty-Fourth Supplement, with respect to the Series B Commercial Paper Notes. Therefore, the manner in which the refunding of the Refunded Commercial Paper Notes is being undertaken by the Board does not make it practicable to make the determinations required by subsection (a) of Section 1207.008, Texas Government Code. The Twenty-Fourth Supplement provides that Section 1371.057(c), Texas Government Code, applies to refunding bonds issued to refinance Refunded Commercial Paper Notes. The Refunded Commercial Paper Notes shall be those outstanding Commercial Paper Notes designated by the Vice Chancellor for Finance for the University System to be refunded and retired with a portion of the proceeds of the Bonds. The principal amount of the Refunded Commercial Paper Notes shall be specifically identified in a certificate executed by the Vice Chancellor for Finance for the University System and delivered to (i) the Attorney General of Texas in connection with the submission of proceedings pertaining to approval of Bonds thereby and (ii) the Board.

Section 3. **DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.** (a) **Terms of Bonds.** Initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, in one or more series, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), in the denomination of $5,000 or any integral multiple thereof (an "Authorized Denomination"), maturing not later than April 15, 2047, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as shall be determined and established in accordance with this Twenty-Fifth Supplement.

(b) **Sale of Bonds.** (i) **Method of Sale.** As authorized by Section 1207.007, Texas Government Code, the Vice Chancellor for Finance for the University System is hereby authorized to effect the sale of all or any of the Bonds authorized to be sold by this Twenty-Fifth Supplement, whether by competitive sale or by negotiated sale conducted either through a public underwriting of the Bonds, a private placement of the Bonds, or both. The determination of the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, relating to the method of and the terms and conditions relating to the sale of Bonds pursuant to this Twenty-Fifth Supplement shall have the same force and effect as if such determination were made by the Board. In effecting the sale of the Bonds authorized to be sold by this Twenty-Fifth Supplement, the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, may determine any additional or different designation or title by which any series of Bonds shall be known, the aggregate principal amount of the Bonds, if any, to be issued as obligations, the interest on which is excluded from gross income for purposes of section 103 of the Code, and the aggregate principal amount of the Bonds, if any, issued as obligations that are not intended to be issued as obligations, the interest on which is excluded from gross income for purposes of section 103 of the Code. Prior
to the delivery of any Bonds authorized to be sold by this Twenty-Fifth Supplement, whether by competitive sale or negotiated sale, the Vice Chancellor for Finance for the University System shall execute a certificate addressing the matters described in this subsection with respect to the Bonds sold under authority granted by this Twenty-Fifth Supplement.

(ii) Competitive Sale. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to seek competitive bids for the sale of the Bonds authorized to be sold by this Twenty-Fifth Supplement, and is hereby authorized to prepare and distribute the Bidding Instructions and the Official Bid Form with respect to seeking competitive bids for the sale of the Bonds. The Bidding Instructions shall contain the terms and conditions relating to the sale of the Bonds, including the date bids for the purchase of the Bonds are to be received, the date of the Bonds, any additional designation or title by which the Bonds shall be known, the aggregate principal amount of the Bonds to be sold, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale and delivery of the Bonds so sold including, without limitation, the use of municipal bond insurance for the Bonds. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to receive and accept bids for the sale of Bonds in accordance with the Bidding Instructions on such date as determined thereby. The Bonds so sold shall be sold at such price as the Vice Chancellor for Finance for the University System shall determine to be the most advantageous to the Issuer, which determination shall be evidenced by the execution thereby of the Official Bid Form submitted by the best and winning bidder. The sale of the Bonds, including specifically the terms of the purchase price of the Bonds, shall be subject to the provisions in subsection (e) of this Section. One Bond in the principal amount maturing on each maturity date as set forth in the Official Bid Form shall be delivered to the initial purchasers thereof, and such purchasers shall have the right to exchange such bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name as set forth in the Official Bid Form. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(iii) Negotiated Sale - Underwriting. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to sell all or any portion of the Bonds authorized to be sold by this Twenty-Fifth Supplement by a negotiated sale conducted as a public underwriting, and should the Vice Chancellor for Finance for the University System determine to sell Bonds by negotiated sale conducted as a public underwriting, the Vice Chancellor for Finance for the University System may designate the senior managing underwriter for the Bonds so sold by a negotiated sale pursuant to this Section 3(b)(iii), and such additional investment banking firms as she deems appropriate to assure that the Bonds are sold on the most advantageous terms to the University. Should Bonds be sold through a negotiated sale conducted as a public underwriting, the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is authorized to enter into and carry out a Bond Purchase Agreement with the Underwriters for the
Bonds, at such price, with and subject to such terms as determined by the Vice Chancellor for Finance for the University System, subject to the provisions of this Twenty-Fifth Supplement. One Bond in the principal amount maturing on each maturity date as set forth in the Bond Purchase Agreement shall be delivered to the Underwriters, and the Underwriters shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name designated by the Underwriters as set forth in a Bond Purchase Agreement. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bond Purchase Agreement shall be substantially in the form and substance previously approved by the Board in connection with the authorization of Parity Debt, as shall be acceptable to the Vice Chancellor for Finance for the University System, including, without limitation, to contain such terms and conditions as may be provided in accordance with subsection (d) of this Section.

(iv) Negotiated Sale – Private Placement. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to sell all or any portion of the Bonds authorized to be sold by this Twenty-Fifth Supplement by a negotiated sale conducted as a private placement, and should the Vice Chancellor for Finance for the University System determine to sell Bonds by negotiated sale conducted as a private placement, the Vice Chancellor for Finance for the University System may negotiate the sale of Bonds pursuant to this Section 3(b)(iv) with a bank or other financial institutions as she deems appropriate to assure that the Bonds are sold on the most advantageous terms to the University. Should Bonds be sold through a negotiated sale conducted as a private placement, the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is authorized to enter into and carry out a Bond Purchase Agreement with the Purchaser of the Bonds, at such price, with and subject to such terms as determined by the Vice Chancellor for Finance for the University System, subject to the provisions of this Twenty-Fifth Supplement. One Bond in the principal amount maturing on each maturity date as set forth in the Bond Purchase Agreement shall be delivered to the Purchaser, and the Purchaser shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name designated by the Purchaser as set forth in a Bond Purchase Agreement. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bond Purchase Agreement shall be substantially in the form and substance previously approved by the Board in connection with the authorization of Parity Debt, as shall be acceptable to the Vice Chancellor for Finance for the University System, including, without limitation, to contain such terms and conditions as may be provided in accordance with subsection (d) of this Section.

(c) In General. The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and (vi) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BONDS, as revised to conform the Bonds to the terms of the Bond Purchase Agreement, in the
case of a negotiated sale, or the Bidding Instructions and Official Bid Form, in the case of a competitive sale. The Bonds of any series shall be numbered consecutively from R-1 upward.

(d) **Bond Purchase Agreement.** Should Bonds be sold by a negotiated sale, the Vice Chancellor for Finance for the University System is hereby authorized, appointed, and designated to act on behalf of the Board in the selling and delivering the Bonds and carrying out the other procedures specified in this Twenty-Fifth Supplement, including determining and fixing the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the aggregate principal amount of the Bonds to be sold, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds, including, without limitation, the use of municipal bond insurance for the Bonds, all of which shall be specified in the Bond Purchase Agreement. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is authorized to enter into with the Underwriters and carry out the conditions specified in a Bond Purchase Agreement for the Bonds, at such price and subject to such terms as are set forth therein. The sale of the Bonds, including specifically the terms of the purchase price of the Bonds, shall be subject to the provisions in subsection (e) of this Section.

(e) **Parameters to Sale of Bonds.** The foregoing provisions of this Section notwithstanding, the purchase price to be paid for the Bonds sold pursuant to this Twenty-Fifth Supplement shall not be less than 95% of the aggregate principal amount thereof, and the Bonds shall not bear a "net effective interest rate" (as defined in and calculated in accordance with the provisions of Chapter 1204, Texas Government Code) of greater than 10%. The Bonds shall not be delivered unless (i) prior to the execution by the Vice Chancellor for Finance for the University System of the Bond Purchase Agreement or the Official Bid Form, as the case may be, the approval of the issuance of the Bonds by the Texas Bond Review Board has been received in the manner prescribed by law, and (ii) prior to their delivery, Bonds sold either through a competitive sale or through a negotiated sale conducted as a public underwriting have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by law. Bonds sold through a negotiated sale conducted as a private placement are not required to have been rated by a nationally recognized rating agency for municipal securities. The authority hereby granted by the Board to the Vice Chancellor for Finance for the University System to effect the sale of all or any portion of the Bonds authorized to be sold by this Twenty-Fifth Supplement expires at 5:00 p.m., Thursday, August 31, 2017.

Section 4. **INTEREST.** The Bonds shall bear interest from the dates specified in the FORM OF BONDS and in the Bond Purchase Agreement or the Official Bid Form, as the case may be, to their respective dates of maturity, at the rates, and shall be calculated on the basis and in the manner, set forth in the executed Bond Purchase Agreement, in the case of a negotiated sale, or in the Official Bid Form submitted by the highest and best bidder and accepted by the Vice Chancellor for Finance for the University System, in the case of a competitive sale.
Section 5. **REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION; BOOK-ENTRY ONLY SYSTEM.** (a) **Paying Agent/Registrar.** BOKF, NA, Austin, Texas, shall serve as Paying Agent/Registrar for the Bonds.

(b) **Registration Books.** The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar so designated in the Paying Agent/Registrar Agreement (the "Designated Trust Office") books or records for the registration of the transfer, exchange, and replacement of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(c) **Ownership of Bonds.** The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Twenty-Fifth Supplement, whether such Bond shall be overdue, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) **Payment of Bonds and Interest.** The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Twenty-Fifth Supplement. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds.

(e) **Authentication.** The Bonds initially issued and delivered pursuant to this Twenty-Fifth Supplement shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate, in the form set forth in the FORM OF BONDS (the "Authentication Certificate") unless they have been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Twenty-Fifth Supplement the Paying Agent/Registrar shall execute the Authentication Certificate.
(f) **Transfer, Exchange, or Replacement.** Each Bond issued and delivered pursuant to this Twenty-Fifth Supplement, to the extent of the unpaid or unredeemed principal amount thereof, may, at the option of the registered owner or such assignee or assignees, as appropriate, upon surrender of such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, be exchanged for fully registered bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BONDS, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same series and have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the registered owner, and in the aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Twenty-Fifth Supplement shall constitute one of the Bonds for all purposes of this Twenty-Fifth Supplement, and may again be exchanged or replaced. The Authentication Certificate shall be printed on each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Twenty-Fifth Supplement. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Issuer or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by the Vice Chancellor for Finance for the University System. Pursuant to Chapter 1206, Texas Government Code, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Twenty-Fifth Supplement. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required
to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be cancelled and the written request as described above.

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Twenty-Fifth Supplement, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Twenty-Fifth Supplement. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Twenty-Fifth Supplement, and a certified copy of this Twenty-Fifth Supplement shall be delivered to each Paying Agent/Registrar.

(h) Book-Entry Only System. The Bonds sold to the Purchaser in a private placement may be subject to being held in a book-entry only system to the extent so provided in the applicable Bond Purchase Agreement.

The Bonds issued in exchange for the Bonds initially issued and delivered to the initial purchasers thereof in a competitive sale or to the Underwriters in a negotiated sale conducted as a public underwriting shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC, and except as provided in subsection (i) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.
With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Twenty-Fifth Supplement to the contrary but to the extent permitted by law, the Board and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Twenty-Fifth Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Board to make payments of principal, premium, if any, and interest pursuant to this Twenty-Fifth Supplement. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Twenty-Fifth Supplement with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Twenty-Fifth Supplement shall refer to such new nominee of DTC.

(i) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Board or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter (as referred to in Section 23 of this Twenty-Fifth Supplement) of the Board to DTC or DTC determines to discontinue providing its services with respect to the Bonds, the Board shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Twenty-Fifth Supplement.
(j) Payments to Cede & Co. Notwithstanding any other provision of this Twenty-Fifth Supplement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Board to DTC.

(k) Notice of Redemption. In addition to the method of providing a notice of redemption set forth in the FORM OF BONDS, the Paying Agent/Registrar shall give notice of redemption of Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

Each notice of redemption, whether required in the FORM OF BONDS or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts called of each maturity of the Bonds, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice of redemption may state the Board may condition redemption on the receipt by the Paying Agent/Registrar of such funds on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the Board shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

Section 6. FORM OF BONDS. The form of the Bonds, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, with respect to the Bonds initially issued and delivered to the initial purchasers thereof pursuant to this Twenty-Fifth Supplement, shall be,
respectively, substantially as set forth in Exhibit B, with such appropriate variations, omissions, or insertions as are permitted or required by this Twenty-Fifth Supplement.

Section 7. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS. By adoption of the Master Resolution the Board has established the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the University, UNT-Dallas and the Health Science Center. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System can be incurred. This Twenty-Fifth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the Bonds are hereby declared to be Parity Obligations under the Master Resolution. As required by Section 5(a) of the Master Resolution, the Board hereby determines, in connection with the issuance of the Bonds, that (i) it will have sufficient funds to meet the financial obligations of each Participant in the Financing System (currently the University, UNT-Dallas and the Health Sciences Center), including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the Board relating to the Financing System and (ii) the University, UNT-Dallas and the Health Sciences Center each possess the financial capability to satisfy its respective Direct Obligation (as defined in the Master Resolution) after taking into account the debt service on the Bonds.

Section 8. SECURITY. The Bonds are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Twenty-Fifth Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable. The Board agrees to pay the principal of, premium, if any, and the interest on the Bonds when due, whether by reason of maturity or redemption. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Board under this Section 8, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Board under this Section 8 is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

Section 9. PAYMENTS. On or before each principal or interest payment date while any Bond is outstanding and unpaid, commencing on the first interest payment date for the Bonds as provided therein, the Board shall make available to the Paying Agent/Registrar money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such principal, redemption, or interest payment date.
The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Board with an appropriate certificate of cancellation.

Section 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered a new Bond of the same series, principal amount, maturity, and interest rate, and in the same form, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement Bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) Payment in Lieu of Replacement. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Twenty-Fifth Supplement equally and proportionately with any and all other Bonds duly issued under this Twenty-Fifth Supplement.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement Bond without the necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(f) of this Twenty-Fifth Supplement for Bonds issued in exchange and replacement for other Bonds.
Section 11. AMENDMENT OF SUPPLEMENT. (a) Amendments without Consent. This Twenty-Fifth Supplement and the rights and obligations of the Board and of the owners of the Bonds may be modified or amended at any time without notice to or the consent of any owner of the Bonds or any other Parity Obligations, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Twenty-Fifth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Twenty-Fifth Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Twenty-Fifth Supplement, upon receipt by the Board of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Twenty-Fifth Supplement;

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Obligations, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Parity Obligations;

(v) To make such changes, modifications or amendments as are permitted by Section 19(c)(vi) of this Twenty-Fifth Supplement;

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations; or

(vii) To make such other changes in the provisions hereof, including, without limitation, extending the expiration date of the delegation of authority to issue Bonds as set forth in Section 3(e) of this Twenty-Fifth Supplement, as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of Outstanding Parity Obligations.

Notice of any such amendment may be published by the Board in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.
(b) **Amendments with Consent.** Subject to the other provisions of this Twenty-Fifth Supplement, the owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Twenty-Fifth Supplement which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Twenty-Fifth Supplement or in the Bonds so as to:

1. Make any change in the maturity of the Outstanding Bonds;
2. Reduce the rate of interest borne by Outstanding Bonds;
3. Reduce the amount of the principal payable on Outstanding Bonds;
4. Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;
5. Affect the rights of the owners of less than all Bonds then Outstanding; or
6. Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(c) **Notice.** If at any time the Board shall desire to amend this Twenty-Fifth Supplement other than pursuant to subsection (a) of this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all owners of Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each owner of Bonds.

(d) **Receipt of Consents.** Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least a majority in Outstanding Principal Amount of Bonds, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by the Board of any resolution to amend this Twenty-Fifth Supplement pursuant to the provisions of this Section, this Twenty-Fifth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective
rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the Master Resolution and this Twenty-Fifth Supplement, as amended.

(f) Consent Irrevocable. Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and the Board, but such revocation shall not be effective if the owners of a majority in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 12. TAX-EXEMPTION. The Vice Chancellor for Finance of the University System, acting for and on behalf of the Board, shall designate those Bonds authorized to be sold pursuant to the terms of this Twenty-Fifth Supplement that the Issuer does intend to issue in a manner such that the Bonds would constitute obligations described in section 103 of the Code.

(a) General Covenants. With respect to such Bonds so designated by the Vice Chancellor for Finance of the University System, the Issuer covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of such Bonds or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Twenty-Fifth Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on such Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of such Bonds or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related"
and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of $5,000,000, or 5 percent of the proceeds of such Bonds (less amounts deposited into a reserve fund, if any), is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in such Bonds being treated as "private activity bonds" within the meaning of section 141(a) of the Code;

(e) to refrain from taking any action that would result in such Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of such Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of such Bonds, other than investment property acquired with

(1) proceeds of such Bonds invested for a reasonable temporary period until such proceeds are needed for the purpose for which such Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of such Bonds;

(g) to otherwise restrict the use of the proceeds of such Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that such Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of such Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after such Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.
The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of such Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to such Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on such Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to such Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on such Bonds under section 103 of the Code. In furtherance of the foregoing, the Chair of the Board, the Chancellor of the University, and the Board Representative each may execute any certificates or other reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of such Bonds. In order to facilitate compliance with the above clause (h), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of such Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(b) Disposition of Project. The Board covenants that none of the property constituting a Project financed or refinanced with the proceeds of any Bonds, the interest on which is to be excluded from gross income under the Code, or the Refunded Commercial Paper Notes, will be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of such Bonds. For purposes of this subsection (b), the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this subsection (b), the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(c) Written Procedures. Written procedures have been established by the Vice Chancellor for Finance for the University System regarding private business use, remedial action, arbitrage and rebate and the application of the covenants set forth in this Section and the written procedures shall apply to the Bonds issued as obligations described in section 103 of the Code.

Section 13. TAXABLE BONDS. The Vice Chancellor for Finance of the University System, acting for and on behalf of the Board, shall designate those Bonds authorized to be sold pursuant to the terms of this Twenty-Fifth Supplement that the Issuer does not intend to issue in a manner such
that the Bonds would constitute obligations described in section 103 of the Code and all applicable temporary, proposed and final regulations and procedures promulgated thereunder or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

Section 14. **TWENTY-FIFTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Twenty-Fifth Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Bonds and the pledge made in this Twenty-Fifth Supplement by the Board and the covenants and agreements set forth in this Twenty-Fifth Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Twenty-Fifth Supplement.

Section 15. **SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

Section 16. **PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Except as provided to the contrary in the FORM OF BONDS, whenever under the terms of this Twenty-Fifth Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 17. **LIMITATION OF BENEFITS WITH RESPECT TO THE TWENTY-FIFTH SUPPLEMENT.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Twenty-Fifth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Twenty-Fifth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Twenty-Fifth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, and the Paying Agent/Registrar as herein and therein provided.
Section 18. **CUSTODY, APPROVAL, BOND COUNSEL’S OPINION, CUSIP NUMBERS, PREAMBLE AND INSURANCE.** The Vice Chancellor for Finance for the University System is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State of Texas. The Vice Chancellor for Finance for the University System is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds, in which case the Vice Chancellor for Finance for the University System also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The Vice Chancellor for Finance for the University System is hereby authorized, in connection with the submission to the Attorney General of the State of Texas of a transcript of proceedings for the approval of any series of the Bonds, to pay the fee for the examination of the transcript of proceedings in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code. The approving legal opinion of the Issuer’s Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Twenty-Fifth Supplement is hereby adopted and made a part of this Twenty-Fifth Supplement for all purposes. The Vice Chancellor for Finance for the University System is hereby authorized to purchase a municipal bond insurance policy from a municipal bond insurance provider that has an underlying rating of "AA" (or its equivalent) or better at the time Bonds are sold (the "Bond Insurer") as additional security for the Bonds. The printing of a legend describing the municipal bond insurance policy issued by the Bond Insurer is hereby authorized. The payment of the premium to the Bond Insurer in consideration for the issuance of said policy, should one be so obtained, is hereby approved. Any insurance commitment issued by the Bond Insurer shall be made a part hereof for all purposes. In addition, it is agreed that should such policy be obtained, the Board will comply with the conditions applicable to the Bonds, as set forth in any insurance commitment issued by the Bond Insurer, as if such conditions were incorporated in this Twenty-Fifth Supplement, and will pay to the Paying Agent/Registrar for the Bonds so insured the debt service due on the Bonds so insured by the Bond Insurer not later than one Business Day prior to each principal or interest payment date of the Bonds. In the event such policy is obtained, the Vice Chancellor for Finance of the University System is hereby authorized to execute any agreements with the Bond Insurer in connection with the issuance of the municipal bond insurance policy. In the event such policy is obtained, the Vice Chancellor for Finance of the University System is hereby instructed to provide notice to the Bond Insurer in the event such payment is not made to the Paying Agent/Registrar on or before the Business Day before the scheduled principal or interest payment date; failure to make such payment to the Paying Agent/Registrar on or before the Business Day before the scheduled principal or interest payment date shall not constitute a default under the terms of this Twenty-Fifth Supplement.

Section 19. **COMPLIANCE WITH RULE 15c2-12.** (a) **Annual Reports.** (i) The Board shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2017, financial information and operating data with respect to the Board of the general type
provided in accordance with the terms of the Sixteenth Supplement. Promptly after filing such information with the MSRB, a copy of the information filed with the MSRB also shall be provided to a Purchaser in a format acceptable to the Purchaser, with respect to Bonds sold as a private placement. If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

(ii) If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in such format as prescribed by the MSRB.

(b) **Disclosure Event Notices.** The Board shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of any of the following events, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Board;
13. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the University System, other than in the ordinary course of business, the entry into a definitive agreement to undertake...
such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor Paying Agent/Registrar or change in name of the Paying Agent/Registrar, if material.

The Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by subsection (a) of this Section. As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the University System in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the University System, or if jurisdiction has been assumed by leaving the Board and officials or officers of the University System in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University System.

(c) **Limitations, Disclaimers, and Amendments.**

(i) The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with this Twenty-Fifth Supplement or applicable law that causes the Bonds no longer to be Outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) **UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.**
(iv) No default by the Board in observing or performing its obligations under this Section shall comprise a breach of or default under this Twenty-Fifth Supplement for purposes of any other provision of this Twenty-Fifth Supplement. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings or provide notices to entities other than the MSRB, the Issuer agrees to undertake such obligation in accordance with the Rule, as amended.

(vi) The provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Twenty-Fifth Supplement that authorizes such an amendment) of the Bonds then outstanding consent to such amendment or (b) a person that is unaffiliated with the Board (such as nationally-recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. If the Board so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 20. FURTHER PROCEDURES; OFFICIAL STATEMENT. Each Board Representative, and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Twenty-Fifth Supplement, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith, to prepare the Bidding Instructions and Official Bid Form, in the case of Bonds sold through a competitive sale, and to approve any Official Statement, or supplements thereto, in connection with the Bonds. Any final Official Statement relating to the offering of any series of Bonds, either through a competitive sale or a negotiated sale conducted as a public underwriting, shall be approved by the Vice Chancellor for Finance for the University System. The Vice Chancellor for Finance for the University System is authorized to approve any supplement to the Official Statement incorporating the information contained in the Bond Purchase Agreement, in the case of a negotiated sale conducted as a public underwriting, and the Bidding Instructions and
Section 21. **REFUNDING.** The principal amount of Bonds issued to refund Refunded Commercial Paper Notes shall be specifically identified in a certificate to be executed by the Vice Chancellor for Finance for the University System in accordance with the provisions of Section 2(b) of this Twenty-Fifth Supplement. The Refunded Commercial Paper Notes are being refunded to convert interim financing into long-term fixed rate financing, as contemplated by the Board in the operation of the interim financing program for the University System. Therefore, the manner in which the refunding of the Refunded Commercial Paper Notes is being executed by the Board does not make it practicable to make the determinations required by subsection (a) of Section 1207.008, Texas Government Code. Concurrently with the delivery of such Bonds, proceeds in the amount of the principal amount of the Refunded Commercial Paper Notes that are to be refunded and interest thereon with a portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the designated account or accounts within the "Note Payment Fund", established in accordance with the provisions of the Twenty-Fourth Supplement, to refund those Refunded Commercial Paper Notes designated by the Vice Chancellor for Finance for the University System to be refunded and retired with a portion of the proceeds of the Bonds. The determination of the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, relating to the issuance and sale of Bonds to refund Refunded Commercial Paper Notes shall have the same force and effect as if such determination were made by the Board.

Section 22. **REDEMPTION OF REFUNDED COMMERCIAL PAPER NOTES.** The Board authorizes a Board Representative, acting in accordance with the terms of the Twenty-Fourth Supplement, to cause the Series B Commercial Paper Notes refunded with proceeds of Bonds to be redeemed prior to their stated Extended Maturity Date (as such term is defined in the Twenty-Fourth Supplement), at a price of no less than par plus accrued interest, if any, to the date fixed for redemption.

Section 23. **DTC LETTER OF REPRESENTATION.** The previous execution and delivery of the DTC Blanket Letter of Representations with respect to obligations of the Board is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

Section 24. **COMPLIANCE WITH SECTION 2252.908, GOVERNMENT CODE.** The Vice Chancellor for Finance for the University System shall confirm that, to the extent required by Section 2252.908, Texas Government Code, each contracting party in connection with the issuance of Bonds has made disclosure filings to the Texas Ethics Commission in accordance with Section 2252.908, Texas Government Code. Within thirty (30) days of receipt of the disclosure filings from
the contracting party, the Vice Chancellor for Finance for the University System will submit a copy of the disclosure filings with the Texas Ethics Commission.

Section 25. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions (other than the Master Resolution) which are in conflict or inconsistent with this Twenty-Fifth Supplement, are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 26. RULES OF CONSTRUCTION. For all purposes of this Twenty-Fifth Supplement, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Twenty-Fifth Supplement. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Twenty-Fifth Supplement as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Twenty-Fifth Supplement to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Twenty-Fifth Supplement is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Twenty-Fifth Supplement shall be deemed to include the payment of mandatory sinking fund redemption payments. Any reference to "FORM OF BONDS" shall refer to the form of the Bonds set forth in Exhibit B to this Twenty-Fifth Supplement. References to the Vice Chancellor for Finance for the University System shall mean the person holding that position at the time Bonds are sold, whether acting, interim, or permanent.

Section 27. PUBLIC NOTICE. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the meeting at which this Twenty-Fifth Supplement was adopted; that this Twenty-Fifth Supplement would be introduced and considered for adoption at said meeting; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.
EXHIBIT A
DEFINITIONS

As used in this Twenty-Fifth Supplement the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Authorized Denomination" shall mean an Authorized Denomination as defined in Section 3(a) of this Twenty-Fifth Supplement.

The term "Bidding Instructions" shall mean the Notice of Sale and Bidding Instructions distributed to potential purchasers of Twenty-Fifth Series Bonds sold pursuant to a competitive sale.

The terms "Board" and "Issuer" shall mean the Board of Regents of the University System.

The term "Board Representative" shall mean the Vice Chancellor for Finance for the University System, or such other officials of the University or the Health Science Center appointed by the Board to carry out the functions of the Board specified herein.

The term "Bond Purchase Agreement" shall mean a bond purchase agreement (i) between the Board and the Underwriters, pertaining to the purchase of the Bonds by the Underwriters sold through a negotiated sale conducted as a public underwriting, and (ii) between the Board and the Purchaser, pertaining to the purchase of the Bonds by the Purchaser sold through a negotiated sale conducted as a private placement.

The term "Bonds" shall mean the Twenty-Fifth Series Bonds, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Twenty-Fifth Supplement; and the term "Bond" means any of the Bonds.

The term "Business Day" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term "Code" means the Internal Revenue Code of 1986, as amended.

The terms "Commercial Paper Notes" and "Series B Commercial Paper Note" shall mean any commercial paper note issued pursuant to the provisions of the Master Resolution and the Twenty-Fourth Supplement.

The term "Designated Trust Office" shall have the meaning ascribed to said term in Section 5(b) of this Twenty-Fifth Supplement.

The term "DTC" shall mean The Depository Trust Company, New York, New York, or any successor securities depository.
The term "DTC Participant" shall mean securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

The term "Eighth Series Bonds" shall mean the Board of Regents of The University of North Texas System Revenue Financing System Refunding Bonds, Series 2003A, authorized by the Eighth Supplement.

The term "Eighth Supplement" shall mean the resolution adopted by the Board on August 21, 2003, authorizing the Eighth Series Bonds.

The term "Fifteenth Series Bonds" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2012A and the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Taxable Series 2012B, authorized by the Fifteenth Supplement.

The term "Fifteenth Supplement" shall mean the resolution adopted by the Board on August 18, 2011, authorizing the authorizing the Fifteenth Series Bonds.

The term "Fourteenth Series Bonds" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009A, the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2009B, and the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2010, authorized by the Fourteenth Supplement.

The term "Fourteenth Supplement" shall mean the resolution adopted by the Board of Regents on August 21, 2009, authorizing the Fourteenth Series Bonds.

The term "Health Science Center" shall mean the University of North Texas Health Science Center at Fort Worth.

The term "MAC" means the Municipal Advisory Council of Texas.

The term "Master Resolution" shall mean the "Amended and Restated Master Resolution Establishing the Revenue Financing System under the Authority and Responsibility of the Board of Regents of the University of North Texas", adopted by the Board on February 12, 1999.

The term "Maturity" shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption, declaration of acceleration, or otherwise.

The term "MSRB" shall mean the Municipal Securities Rulemaking Board.
The term "Official Bid Form" shall mean the bid form prepared in accordance with the Bidding Instructions and submitted by potential purchasers of any Twenty-Fifth Series Bonds sold pursuant to a competitive sale.

The terms "Paying Agent/Registrar", "Paying Agent", or "Registrar" shall mean the agent named in Section 5(a) of this Twenty-Fifth Supplement, or any successor to such agent.

The term "Paying Agent/Registrar Agreement" shall mean the master paying agent agreement between the Board and the Paying Agent/Registrar.

The term "Purchaser" shall mean the bank or other financial institution listed in a Bond Purchase Agreement executed in connection with a negotiated sale conducted as a private placement of Bonds.

The term "Rating Agency" shall mean, with respect to the Bonds, a nationally-recognized municipal securities rating agency.

The term "Record Date" shall mean, with respect to the Bonds, the last business day of each month preceding an interest payment date.

The term "Refunded Commercial Paper Notes" shall mean those Commercial Paper Notes selected by the Vice Chancellor for Finance for the University System to be refunded with the proceeds of Bonds authorized to be issued by this Twenty-Fifth Supplement, as more fully described in the certificate to be delivered by the Vice Chancellor for Finance for the University System in accordance with Section 2(b) of this Twenty-Fifth Supplement.

The term "Registration Books" shall mean the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Twenty-Fifth Supplement.

The term "Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "SEC" shall mean the United States Securities and Exchange Commission.

The term "Sixteenth Series Bonds" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Refunding and Improvement Bonds, Series 2015A, and the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Taxable Series 2015B, authorized by the Sixteenth Supplement.

The term "Sixteenth Supplement" shall mean the resolution adopted by the Board of Regents on August 16, 2013, authorizing the Sixteenth Series Bonds.
The term "Stated Maturity", shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption of the Bonds.

The term "Tenth Supplement" shall mean the resolution adopted by the Board on May 8, 2008, as amended and restated by the resolution adopted by the Board on December 6, 2013, authorizing the Commercial Paper Notes.

The term "Thirteenth Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009, authorized by the Thirteenth Supplement.

The term "Thirteenth Supplement" shall mean the resolution adopted by the Board on November 20, 2008, authorizing the Thirteenth Series Bonds.

The term "Twentieth Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2015, authorized by the Twentieth Supplement.

The term "Twentieth Supplement" shall mean the resolution adopted by the Board on April 8, 2015, authorizing the Twentieth Series Bonds.

The term "Twenty-First Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2015C, authorized by the Twenty-First Supplement.

The term "Twenty-First Supplement" shall mean the resolution adopted by the Board on October 6, 2015, authorizing the Twenty-First Series Bonds.

The term "Twenty-Second Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Forward Delivery Series 2018, authorized by the Twenty-First Supplement.

The term "Twenty-Second Supplement" shall mean the resolution adopted by the Board on May 20, 2016, authorizing the Twenty-Second Series Bonds.

The term "Twenty-Third Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series, authorized to be issued in accordance with the terms of the Twenty-Third Supplement.

The term "Twenty-Third Supplement" shall mean the resolution adopted by the Board on August 19, 2016, authorizing the Twenty-Third Series Bonds.

The term "Twenty-Fourth Supplement" shall mean the resolution adopted by the Board of Regents on November 17, 2016, authorizing the Series B Commercial Paper Notes.
The term "Twenty-Fifth Series Bonds" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series, authorized by the Twenty-Fifth Supplement.

The term "Twenty-Fifth Supplement" shall mean this resolution authorizing the Bonds.

The term "Underwriters" shall mean the investment banking firms listed in a Bond Purchase Agreement executed in connection with a negotiated sale conducted as a public underwriting of Bonds.

The term "University" shall mean the University of North Texas.

The term "University System" shall mean the University of North Texas System.

The term "UNT-Dallas" shall mean the University of North Texas at Dallas.

All terms not herein defined shall have the meanings given to such terms by the Master Resolution or as otherwise defined in this Twenty-Fifth Supplement.
EXHIBIT B

FORM OF BONDS

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM REFUNDING BOND,
SERIES 201_

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<tr>
<th>NO. R-</th>
<th>PRINCIPAL AMOUNT</th>
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<th>INTEREST RATE</th>
<th>MATURITY DATE</th>
<th>DATE OF DELIVERY</th>
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</table>

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM (the "Issuer"), hereby promises to pay to the Registered Owner, specified above, or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount, specified above, and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Date of Delivery, specified above, to the Maturity Date, specified above, or the date of redemption prior to maturity, at the interest rate per annum, specified above; with interest being payable on _______ 15, 201_, and semiannually on each _______ 15 and _______ 15 thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges, solely from funds of the Issuer required by the resolution authorizing the issuance of the Bonds to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the designated corporate trust office in Austin, Texas (the "Designated Trust Office") of BOKF, NA, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner.
owner hereof on each interest payment date by check, dated as of such interest payment date, and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, that upon the written request of any owner of not less than $1,000,000 in principal amount of Bonds provided to the Paying Agent/Registrar not later than the Record Date immediately preceding an interest payment date, interest due on such Bonds on such interest payment date shall be made by wire transfer to any designated account within the United States of America. In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner hereof. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the Designated Trust Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Issuer and the securities depository.

THIS BOND is one of a Series of Bonds, dated as of ________, 20___, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of $__________, issued pursuant to an Twenty-Fifth Supplemental Resolution to the Master Resolution adopted November 17, 2016, and pursuant to the Master Resolution referred therein (collectively, the "Bond Resolution"), FOR THE PURPOSE OF (i) REFUNDING THE REFUNDED COMMERCIAL PAPER NOTES, AND (ii) PAYING THE COSTS OF ISSUANCE RELATED TO THE SALE OF THE BONDS. Terms used herein and not otherwise defined have the meaning given in the Bond Resolution.

ON APRIL 15, 20__, or on any date thereafter, the Bonds of this Series maturing on and after April 15, 20__ may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Board (provided that a portion of a Bond may be redeemed only in an integral multiple of $5,000), at par and accrued interest to the date fixed for redemption; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

THE BONDS maturing on April 15 in each of the years _____ and _____, shall be subject to mandatory sinking fund redemption prior to their scheduled maturities in the following amounts, on
April 15 in each of the years set forth below, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount ($)</th>
</tr>
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</table>

*Final Maturity*

The principal amount of the Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Issuer, by the principal amount of any Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by the Paying Agent/Registrar at the direction of the Issuer, in either case at a price not exceeding the par or principal amount of such Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption. During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing such interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be published once in a financial publication, journal or reporter of general circulation among securities dealers in The City of New York, New York or in the State of Texas. Such notice also shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the Registration Books on the 45th day prior to such redemption date; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any
integral multiple of $5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Board, all as provided in the Bond Resolution.

WITH RESPECT TO any optional redemption of this Bond, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on this Bond to be redeemed before giving of a notice of redemption, the notice of redemption may state the Issuer may condition redemption on the receipt by the Paying Agent/Registrar of such funds on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the Issuer shall not redeem this Bond and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that this Bond has not been redeemed.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in The City of New York, New York, or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer or exchange as provided below, but the one requesting such transfer or exchange shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration or exchange of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest
payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons in the denomination of any integral multiple of $5,000 (an "Authorized Denomination"). As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, in the same form, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering, or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Series of Bonds of which this Bond is one constitute Parity Obligations under the Master Resolution; and that the interest on and principal of this Bond, together with the other Bonds of this Series and the other outstanding Parity Obligations, are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional Parity Obligations which also may be secured by and made payable from a lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.
THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Chair of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

____________________________________ ____________________________________
Secretary, Board of Regents of the Chair, Board of Regents of the
University of North Texas System University of North Texas System

(BOARD SEAL)
FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

BOKF, NA,
Paying Agent/Registrar

Dated ____________________________________________________________

Authorized Representative
FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

_______________________

(Assignee's Social Security or Taxpayer Identification Number)

(print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints

_______________________

attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _________________

Signature Guaranteed:

NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond.
[FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS TO ACCOMPANY
THE BONDS UPON INITIAL DELIVERY]

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. __________

I hereby certify that this Bond has been examined, certified as to validity, and approved by
the Attorney General of the State of Texas, and that this Bond and the proceedings authorizing its
issuance have been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

_______________________________________
Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Should the Bonds be insured by a Bond Insurer, a statement or legend describing the policy to be
issued by the Bond Insurer may be printed on the Bonds so insured.
Title: Amendment to Regents Rule 10.300, Debt Management

Background:

Regents Rule 10.300, Debt Management, was adopted by the Board on November 15, 2007 and amended on May 8, 2008 and February 20, 2014. In conjunction with the Twenty-Fourth Supplemental Resolution to the Master Resolution Establishing the University of North Texas Revenue Financing System Commercial Paper Program, Series B, are the proposed amendments to the University of North Texas System Regent Rule 10.300, Debt Management to incorporate the addition of extendible commercial paper “ECP”.

University of North Texas System Regents Rule 10.300, Section 10.302 sets forth the procedures regarding the issuance of commercial paper by the System. The change proposed to this section limits the maximum aggregate amount of commercial paper “CP” and extendible commercial paper program “ECP” to a combined balance of $150,000,000 down from $200,000,000. Additionally, the change would limit the maximum amount of CP and ECP combined that could mature on any one day to $25,000,000 and limit the maximum amount of CP and ECP combined that could mature on any one week to $50,000,000.

University of North Texas System Regents Rule 10.300, Section 10.303 sets forth the procedures regarding the use of CP or ECP as interim financing after a project has been completed. The proposed changes add clarity to the process of budgeting for debt service expenses for capital projects that are expected to be completed before or during future fiscal years.

University of North Texas System Regents Rule 10.300, Section 10.306 sets forth the procedures regarding project approval from the Texas Higher Education Coordinating Board. The proposed changes add clarity to the process.

Financial Analysis/History:

The proposed changes to Regents Rule 10.300, Debt Management would provide for a total commercial paper authority of $150 million, which should provide sufficient interim financing capacity to meet the cash needs of the previously approved FY 2017 Capital Improvement Plan. Additionally, limiting the maximum amount that may mature on any one day or in any one week provides guidance and clarity to investors, the rating agencies and System staff about potential liquidity requirements of the CP and ECP programs.

Janet Waldron
Vice Chancellor for Finance
Legal Review:
This item has been reviewed by General Counsel.

Schedule:
Effective upon Board approval.

Recommendation:
It is recommended that the Board of Regents approve the revised University of North Texas System Regents Rule 10.300, Debt Management at attached.

Recommended By:
James Mauldin
Associate Vice Chancellor for Treasury

Attachments Filed Electronically:
- University of North Texas System Regents Rule 10.300, Debt Management (with revisions to Sections 10.302, 10.303, and 10.306 proposed for approval)
Title: Amendment to Regents Rule 10.300, Debt Management

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, University of North Texas System Regents Rule 10.300, Debt Management delegates to the Vice Chancellor for Finance the authority to issue short-term indebtedness, establishes an aggregate principal amount of commercial paper that may be outstanding, and sets forth debt management guidelines, and

Whereas, the University of North Texas System requests to limit the maximum amount of short-term indebtedness to $150,000,000 that may be issued and outstanding at any one time, which may be issued as tax-exempt or taxable obligations, or any combination thereof, and which may be issued as traditional commercial paper (CP) or as extendible commercial paper (ECP) in such amounts as may be approved by the Board, and

Whereas, the University of North Texas System requests to limit the aggregate amount of CP and ECP that matures on any one day to $25,000,000 and to limit the aggregate amount of CP and ECP that matures on any one week to $50,000,000, and

Whereas, to adjust the amount of short-term indebtedness and to provide further guidelines regarding the use of short-term indebtedness, amendment to Regents Rule 10.300 is desired,

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

1. Adoption of the amendments to Regents Rule 10.300, Debt Management, as set forth in the attachment to this Order.

VOTE: _____ ayes _____ nays _____ abstentions
BOARD ACTION:

Attested By: Rosemary R. Haggett, Secretary Board of Regents

Approved By: Brint Ryan, Chairman Board of Regents
10.300 Debt Management

10.301 Incurring Debt. The System, the System Administration, and the Institutions shall issue or incur debt (taxable or tax exempt) in accordance with applicable federal and state law and pursuant to actions taken by the Board to authorize the issuance or incurrence of debt. The System, the System Administration, and the Institutions shall obtain an opinion from bond counsel that the issue complies with applicable laws and regulations and receive requisite approval from all necessary state agencies before issuing or incurring any long-term or short-term debt. If a project requires Texas Higher Education Coordinating Board approval, no debt proceeds will be allocated to that project prior to receiving such approval.

10.302 Short-term Indebtedness.

1. The Board delegates to the Vice Chancellor for Finance, subject to Section 10.308 below, the authority to issue short-term indebtedness of up to $200,000,000 in Revenue Financing System (“RFS”) commercial paper, which may be issued as traditional commercial paper (“CP”) or as extendible commercial paper (“ECP”). The aggregate principal amount of CP at any one time outstanding shall not exceed: (a) the aggregate principal amount established by resolution of the Board; (b) liquidity requirements approved by the Board; and (c) the sum of self-liquidity provided by the System and liquidity support obtained with the approval of the Board from a financial institution. The aggregate principal amount of ECP at any one time outstanding shall not exceed: (a) the aggregate principal amount established by resolution of the Board; and (b) parameters approved by the Board to service extendible rate debt payments. The maximum combined amount of CP and ECP maturing on any one day is $25,000,000 and the maximum combined amount of CP and ECP maturing in the same week is $50,000,000.

2. The Vice Chancellor for Finance shall be responsible for identifying funds held by the System for the purpose of providing self-liquidity in support of CP notes, the investment of such funds, and the administration and development of a policy with respect to the management of the self-liquidity program.

3. Short-term debt may be used to purchase equipment, to provide interim financing for capital projects (including land acquisition) during construction, to pay for issuance costs, and to provide continued financing after construction has been completed.

3.4. The Vice Chancellor for Finance shall be responsible for monitoring the issuance of RFS
commercial paper, including the rollover of outstanding CP and ECP notes and the payment of any extendible interest rate obligations with respect to ECP. All conversions of CP and ECP notes to long-term indebtedness shall be approved by the Board by adoption of a resolution authorizing the issuance of long-term indebtedness to refinance CP and ECP notes.

10.303 Use of Commercial Paper after Completion of Construction.

1. For projects that utilize CP or ECP as interim financing and are expected to be completed before or during the next fiscal year, Institutions shall budget for projected debt service expenses assuming that the CP or ECP shall be fixed into long-term bonds in the next fiscal year, at prevailing rates as provided by System Treasury staff. If CP or ECP issued to provide interim financing for a project is to remain outstanding beyond the fiscal year end that after construction of the project has been completed, the System Administration or Institution shall submit a written proposal and financing plan to the Vice Chancellor for Finance within a reasonable period of time, but no later than 90 days, prior to the expected date of completion of the project. The Vice Chancellor for Finance will make a written determination, and approval is required from the Vice Chancellor for Finance approval is required for CP or ECP to remain outstanding after construction of a project is completed. CP or ECP may remain outstanding for a period no greater than two years after the completion of a project, unless the Board, in its sole determination, permits CP or ECP to remain outstanding beyond the two year period.

2. Any fiscal year interest savings realized by financing a project after construction with CP or ECP, as compared to projected interest rate payments if the financing had been converted to fixed long-term bonds, shall be used to reduce the project’s outstanding CP or ECP principal balance unless otherwise approved by the Board or the Vice Chancellor for Finance.

10.304 Bond Approval. The Vice Chancellor for Finance has the authority to approve the pricing of bond and note issues. The Vice Chancellor for Finance is responsible for assuring compliance with all bond covenants and that all necessary approvals, certifications, and authorizations are fully documented and made available to the Board and to all bondholders.

10.305 Debt Service. The Vice Chancellor for Finance is responsible for assuring that all debt service payments are made in a timely manner to the appropriate paying agents. The President is responsible for debt service funding if an Institution is participating in the RFS program.

10.306 Texas Higher Education Coordinating Board Approval. The Vice Chancellor for Finance shall be responsible for maintaining a record of the approvals of projects by the Texas Higher Education Coordinating Board, when applicable, that are financed or to be financed with the proceeds of debt, including approvals identifying the proposed funding sources and amounts authorized for approved projects.
10.307 **Reimbursement Certificates.** The Vice Chancellor for Finance is authorized and directed to execute Reimbursement Certificates, as required by U.S. Treasury Regulations § 1.150-2, in connection with projects the Board intends to debt finance.

10.308 **Financing of Capital Items with Commercial Paper.** Financing of any capital item through the use of RFS commercial paper must be approved by the Board. The Vice Chancellor for Finance shall be responsible for submitting any required notice to the Texas Bond Review Board.

10.309 **Compliance.** The System receives financial benefits from the Revenue Financing System and the issuance of tax-exempt RFS commercial paper and bonds to achieve the System’s tax-exempt purposes. The Board recognizes that legal obligations must be met to ensure good stewardship of this tax-exempt benefit. The System shall adopt appropriate regulation(s) and procedures related to tax-exempt RFS commercial paper and bond compliance, including issuance, expenditure of proceeds, and post-issuance compliance consistent with the Internal Revenue Code, Treasury Regulations, these Regents Rules, and bond documents.

**Adopted:** November 15, 2007  
**Effective:** November 15, 2007  
**Revised:** May 8, 2008; February 20, 2014
Title: Approval of Amended UNT System Regulation 08.2000, Investment of System Funds

Background:
UNT System Regulation 08.2000, Investment of System Funds, sets forth the Board of Regents annually approved investment policy for UNT System and its component institutions.

The Investment Policy currently establishes strategies and authorizes investments for the following: Short-Term Working Capital Funds (Short Term Pool); Long Term Cash Reserves (Long Term Pool); Bond Proceeds; Endowed Funds; and Medical Professional Liability Self-Insurance Funds. In a continuous effort to improve the management of funds, it is being recommended that the System implement an Intermediate Investment Pool ("IIP") to complement the existing investment options. It is anticipated that a future Finance & Facilities Committee meeting will allow for the in-depth conversation needed to provide a thorough, long-term plan for the Board to consider at a future meeting. However, this recommended modification will allow for some immediate changes in how excess cash is managed until then.

The recommended IIP is restricted to fixed income and cash while allowing for longer-maturing investments. Specifically, a five-year maximum maturity and two and one-half year maximum duration are assigned to the pool initially. In addition, to accommodate the new pool, suggested ranges are recommended as follows:

<table>
<thead>
<tr>
<th>Pool</th>
<th>Percent of the sum of all three pools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>10 – 20%</td>
</tr>
<tr>
<td>Intermediate</td>
<td>30 – 65%</td>
</tr>
<tr>
<td>Long-term</td>
<td>25 – 50%*</td>
</tr>
</tbody>
</table>

*Increase from current max of 45%

Lastly, to reflect the impact of the recent Money Market Reform going into effect, the definition of mutual fund that referenced the definition in the Public Funds Investment Act has been removed and modified to simply “Money Market Mutual Fund”. This change allows for the use of funds that have a floating NAV.

Financial Analysis/History:
UNT System Regulation 08.2000, Investment of System Funds, is reviewed and approved annually by the UNT System Board of Regents.

This amendment authorizes the implementation of an Intermediate Investment Pool and allows for the use of a money market mutual fund with a floating NAV.

Janet Waldron  
Vice Chancellor for Finance
Legal Review:
This item has been reviewed by General Counsel.

Schedule:
Effective upon approval by the Board of Regents.

Recommendation:
It is recommended that the Board of Regents approve the amended University of North Texas System Regulation 08.2000, Investment of System Funds.

Recommended By: James Mauldin
Associate Vice Chancellor for Treasury

Attachments Filed Electronically:
- UNT System Investment Regulation (with amendments proposed for approval)
Title: Approval of Amended UNT System Regulation 08.2000, Investment of System Funds

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, it is recommended that an Intermediate Investment Pool be added to the investment strategy to allow for higher yields, and

Whereas, it is recommended that money market mutual funds with a floating NAV be added as an authorized investment,

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

1. UNT System Regulation 08.2000, Investment of System Funds, as amended.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By: Approved By:

__________________________________________  _______________________________________
Rosemary R. Haggett, Secretary              Brint Ryan, Chairman
Board of Regents                            Board of Regents
08.2001 **Regulation Statement.** This Regulation sets forth the rules for the investment of all System funds and funds held by the System in trust for others. All investments by the System will be made in accordance with Rule 10.100 of the Rules of the Board of Regents of the University of North Texas System and this System Regulation.

08.2002 **Application of Regulation.** This Regulation applies to the UNT System Administration and to all UNT Institutions.

08.2003 **Definitions.**

1. **Authorized Broker/Dealers.** “Authorized Broker/Dealers” means those entities that have been approved as provided herein.

2. **Funds.** “Funds” is defined by Government Code § 2256.002 and means public funds in the custody of a state agency or local government that:
   a. are not required by law to be deposited in the state treasury; and
   b. the investing entity has authority to invest.

3. **Funds Subject to Board of Regents Control.** “Funds Subject to Board of Regents Control” is defined by Texas Education Code § 51.002 and means:
   a. student fees of all kinds;
   b. charges for use of rooms and dormitories;
   c. receipts from meals, cafes, and cafeterias;
   d. fees on deposit refundable to students under certain conditions;
   e. receipts from school athletic activities;
   f. income from student publications and other student activities;
   g. receipts from the sale of publication products and miscellaneous supplies and equipment;
h. students’ voluntary deposits of money for safekeeping;

i. all other fees and local or institutional funds arising out of and by virtue of the educational activities, research, or demonstrations carried on by the institution; and

j. donations and gifts to the institution.

4. Investment Officer. “Investment Officer” means the person(s) appointed by the Board pursuant to the Regents Rules, and any authorized designee.

5. Managing Entity. “Managing Entity” means the entity holding and managing the investment of funds, and may include UNT System Administration, a UNT Institution, the University of North Texas Foundation, Inc. ("UNT Foundation"), the University of North Texas Health Science Center at Fort Worth, Texas College of Osteopathic Medicine Foundation, Inc. ("UNTHSC Foundation"), the University of North Texas at Dallas Foundation ("UNT at Dallas Foundation"), or Authorized Broker/Dealers.

6. Prudent Person Standard. “Prudent Person Standard” is defined by Texas Education Code § 51.0031(d) and described in Article VII, Section 11b of the Texas Constitution, and means that standard of judgment and care that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

7. System. “System” means, collectively, the University of North Texas System, University of North Texas System Administration, and UNT Institutions.

8. UNT Institutions. “UNT Institutions” means University of North Texas, University of North Texas Health Science Center at Fort Worth, and University of North Texas at Dallas.

08.2004 Authority and Governing Statutes. The System’s authority to invest funds is established in the Public Funds Investment Act (Texas Government Code, Chapter 2256), Section 51.0031 of the Texas Education Code, and Rule 10.100 of the Rules of the Board of Regents of the University of North Texas System. This Regulation is promulgated in accordance with the Public Funds Investment Act, Section 51.0032 of the Texas Education Code, the Uniform Prudent Investor Act (Texas Property Code, Chapter 117), the Uniform Prudent Management of Institutional Funds Act (Texas Property Code, Chapter 163), and the Public Funds Collateral Act (Texas Government Code, Chapter 2257). Texas Education Code, Section 51.0032 requires a governing board to adopt a written investment
policy, and the Public Funds Investment Act requires a governing board to adopt a written investment policy and strategy, review the policy and strategy not less than annually, appoint an Investment Officer, and adopt internal controls to safeguard the System’s funds. The Public Funds Collateral Act sets the standards for collateralization of public funds in Texas.

08.2005  **Investment of System Funds.**

1. **Investment Strategy.** The cash management objective for the System is to retain appropriate liquidity to meet daily operating demands and Commercial Paper self-liquidity coverage requirements while seeking higher yield on cash reserves through an appropriately diversified investment portfolio. All System Funds Subject to Board of Regents Control shall be invested pursuant to a Prudent Person Standard. All System endowment funds shall be invested pursuant to a Prudent Person Standard. All UNTHSC medical professional liability self-insurance plan funds shall be invested pursuant to a Prudent Person Standard. All other System Funds shall be deposited in an approved depository bank, invested pursuant to the Public Funds Investment Act in Short Term Pool Authorized Investments (as defined below), or deposited in the State Treasury as prescribed by Texas Education Code § 51.008.

2. **Short Term Pool (STP) Working Capital Funds.** Short term working capital funds (“Short Term Pool”) shall generally be at least 55% but not more than 75% of funds, with a minimum of 20% of funds in fully liquid investments at all times, and a maximum weighted average maturity of one year. Exceptions to these ranges accompanied by a remediation plan, if applicable, must be formally approved by the Vice Chancellor for Finance are needed for daily liquidity requirements and thus shall generally be held in accounts or investments providing daily liquidity. No investments held in the STP will have a maturity date greater than thirty (30) days from the settlement date and the pool shall have a maximum weighted average maturity of seven days. System-wide, the combined balances that comprise the STP should be no less than 10% and no more than 20% of the sum total of all three investment pools. Consideration will be given to credit and liquidity risks when determining the diversification of accounts and investments.

   a. **Authorized Investments.** Funds in the Short Term Pool will be held in one or more of the following authorized investments with a stated maturity, if any, of no more than three years from the purchase date, as described in the Public Funds Investment Act:
i. fully collateralized repurchase agreements or demand accounts deposited with an approved depository institution;

ii. money market mutual fund, as defined in Government Code § 2256.014;

iii. approved Local Government Investment Pools;

iv. certificates of deposit guaranteed by the FDIC or properly collateralized;

v. obligations of the United States, its agencies, states, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent (no issuer in this category, other than the US government, may constitute more than twenty percent of the Short Term Pool balance);

vi. commercial paper that is rated not less than A-1 or P-1 by a nationally recognized investment rating firm (no issuer in this category may constitute more than ten percent of the Short Term Pool balance).

b. Self-Liquidity. In accordance with System self-liquidity coverage, UNT Institutions shall maintain a combined balance in the Short Term Pool (net of bond proceeds) and the Intermediate Investment Pool, of at least 1.2x the amount of outstanding debt issued through the System commercial paper program.

c. Investment Objectives.

i. Safety of Principal

ii. Liquidity

iii. Current Income

iv. Appreciation

v. Diversification

3. Intermediate Investment Pool. Excess cash that may on occasion be needed for liquidity purposes shall be invested in the Intermediate Investment Pool (“IIP”). The objective of this pool is to put dormant cash to work in higher yielding investments than the STP while still prioritizing safety of principal and liquidity. Investments in this pool shall not have a maturity date that exceeds five (5) years and the maximum duration of the pool shall not exceed two and one-half (2 ½) years. The balance in this pool should generally be at least 30% but not more than 65% of the sum total of all three investment pools. It is understood that fluctuations in market value and the timing of cash flows can cause temporary swings in these percentages that might exceed the established boundaries.
a. **Authorized Investments.** Investments in the IIP may be invested in any authorized vehicle available to the Short-Term Pool plus the following:
   i. Bond mutual fund;
   ii. Certificates of deposit guaranteed by the FDIC or properly collateralized;
   iii. Obligations of the United States, its agencies, states, counties, cities, and any other subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent.

b. **Portfolio Asset Allocation.** The IIP shall allocate its investments in such a way that liquidity may be accessed within three days, if needed. In addition, no individual issuer other than the United States government shall represent more than 10% of the IIP balance.

c. **Portfolio Asset Selection.** Selection of the underlying assets within each portfolio shall remain the discretion of the Managing Entity, within the guidelines established in the portfolio asset allocation set forth above and the investment management contract.

d. **Investment Objectives.**
   i. Safety of principal
   ii. Liquidity
   iii. Current Income
   iv. Appreciation
   v. Diversification

3.4. **Long Term Investment Pool Cash Reserves.** Long term cash reserves (“Long Term Pool”) shall generally constitute at least 25% but not more than 450% of the sum total of all three investment pools' funds. Exceptions to this range accompanied by a remediation plan, if applicable, must be formally approved by the Vice Chancellor for Finance. It is understood that fluctuations in market value and the timing of cash flows can cause temporary swings in these percentages that might exceed the established boundaries.

a. **Authorized Investments.** The investment vehicle for Long Term Pool cash reserves shall be the UNT System Long Term Pool (“UNTS-LTP”). The UNTS-LTP shall be held and invested pursuant to a Prudent Person Standard.

b. **Portfolio Asset Allocation.** The UNTS-LTP portfolio asset allocation shall be monitored on an ongoing basis, maintained within the tactical range shown below, and reviewed no less than quarterly in connection with the required quarterly report to the Board of Regents.
<table>
<thead>
<tr>
<th></th>
<th>Strategic Target Policy Allocation</th>
<th>Tactical Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Assets</td>
<td>60%</td>
<td>50 – 70%</td>
</tr>
<tr>
<td>Risk Reduction Assets</td>
<td>30%</td>
<td>20 – 40%</td>
</tr>
<tr>
<td>Inflation Protection Assets</td>
<td>10%</td>
<td>5 – 15%</td>
</tr>
</tbody>
</table>

The Managing Entity, by and through its investment manager, will be responsible for monitoring the UNTS-LTP’s strategic target policy allocation and tactical range. The Managing Entity and its investment manager may make allocation changes within the tactical ranges shown above as warranted under a Prudent Person Standard. Any allocation changes that would exceed the tactical ranges must be pre-approved by the System Investment Advisory Committee.

c. **Portfolio Asset Selection.** Selection of the underlying assets within each portfolio shall remain the discretion of the Managing Entity, within the guidelines established in the portfolio asset allocation set forth above and the investment management contract.

d. **UNT System Investment Advisory Committee.** Members of the UNT System Investment Advisory Committee shall be the Vice Chancellor for Finance, the Associate Vice Chancellor for Treasury, and the chief financial officers from each UNT Institution. The UNT System Investment Advisory Committee shall have oversight of investments in the UNTS-LTP investments and IIP, and maintain an active role in advising Managing Entities. The Vice Chancellor for Finance shall represent the System Investment Advisory Committee for all approvals that may be necessary or advisable in connection with the UNTS-LTP to provide to a Managing Entity.

e. **Investment Objectives.**
   i. Appreciation
   ii. Current Income
   iii. Diversification
   iv. Liquidity
   v. Safety of Principal

4.5. **Bond Proceeds.** Bond proceeds and reserves may be invested in a manner consistent with the requirements and restrictions stated in the applicable Bond Covenants.

   a. **Investment Objectives.**
      i. Safety of Principal
ii. Liquidity  
iii. Current Income  
iv. Appreciation

5.6. **Endowed Funds.** The endowment corpus shall be invested in a diversified portfolio using reasonable care to ensure earnings are sufficient to provide on-going payout while mitigating the impact of inflation.

a. **Authorized Investments.** The System has identified four options for investing endowed funds:
   i. The UNTS-LTP  
   ii. The UNT Foundation Endowment  
   iii. The UNTHSC Foundation Endowment  
   iv. The UNT at Dallas Foundation Endowment

b. **Endowment Policies.** Each UNT Institution and the UNT System Administration shall adopt an Endowment Policy consistent with this Regulation and subject to Board approval that governs the type of endowments, acceptance of gifts, purpose and use of endowments, and distribution requirements of endowed funds.

c. **Asset Allocation.** Each UNT Institution and the UNT System Administration shall select the investment portfolio option. The asset allocation and selection of the underlying assets within each portfolio shall be at the discretion of the Managing Entity; provided, however, that investment of any endowment funds must be pursuant to the Prudent Person Standard and within the guidelines established in this Regulation, the applicable UNT Institution Endowment Policy, and the Investment Management Agreement.

d. **Investment Objectives.**
   i. Appreciation  
   ii. Current Income  
   iii. Safety of Principal  
   iv. Diversification  
   v. Liquidity

6.7. **Medical Professional Liability Self-Insurance Funds.** The total amount of reserve funds required for medical professional liability self-insurance shall be actuarially determined annually. These funds shall be invested in any combination of the UNT System Long Term Pool or the UNT System Short Term Pool at the discretion of the UNT Health Science Center. In the event all or a portion of the self-insurance fund is converted to a quasi-endowment
subject to liquidation resulting from claims – the quasi-endowment may be invested in accordance with section V – Endowed Funds. A separate accounting of the fund balance and transactions must be maintained and provided to the UNT System Board of Regents at least annually.

a. **Investment Objectives.**
   i. Preservation of Capital
   ii. Appreciation
   iii. Liquidity

7.8. **Investment Management.**

a. **Managing Entity.** All System investments shall be held, invested, and managed by a Managing Entity pursuant to a Prudent Person Standard. Only those entities named or otherwise approved as a Managing Entity under this Regulation may provide investment management services for and on behalf of the System.

b. **Investment Management Agreement.** Investment management services provided by a Managing Entity (other than UNT System Administration or a UNT Institution) shall be administered only through a contractual agreement (“Investment Management Agreement”) with the System or an Institution. Authority to approve and sign Investment Management Agreements is delegated as follows: (i) on behalf of the Board, to the Chancellor; (ii) on behalf of the System, to the Chancellor or his designee; (iii) on behalf of a UNT Institution, to the UNT Institution’s President or his/her designee.

c. **Investment Liaison.** Each Investment Management Agreement shall designate an Investment Liaison to serve as the liaison between the Managing Entity and the Board of Regents, and may also designate the Investment Liaison to serve as either a voting or ex-officio member of the Managing Entity’s board of directors.

8.9. **Insurance or Collateral.** All bank deposits of System funds shall be secured by pledged collateral with a market value equal to no less than 102% of the deposits plus accrued interest less an amount insured by the FDIC. Evidence of the pledged collateral shall be maintained by the Vice Chancellor for Finance. Eligible collateral must meet the requirements of the Public Funds Collateral Act or securities authorized by the Public Funds Investment Act. Repurchase agreements shall be documented by the Master Repurchase Agreement approved by The Bond Market (TBMA), or any other entity approved by the Finance Committee of the Board of Regents, noting
the collateral pledged in each agreement. The use of a letter of credit issued to the System by the Federal Home Loan Bank may be considered by the System to meet the required bank depository collateral requirements. Collateral shall be reviewed monthly to assure the market value of the securities pledged equals or exceeds the related bank balances.

9.10. Safekeeping and Custody. Assets shall be settled on a delivery versus payment basis when appropriate, and secured through independent third-party custody and safekeeping procedures. Safekeeping procedures shall be reviewed annually by the Internal Auditor. Periodic surprise audits of safekeeping and custodial systems shall be conducted annually by the Internal Auditor.

10.11. Authorized Broker/Dealers. The Board of Regents must annually review and adopt a list of financial institutions and broker/dealers qualified and authorized to engage in investment transactions with and for the System. All Authorized Broker/Dealers must supply a certification of having read and understood the investment rules, regulations, and policies applicable to the System and acknowledge that the business has implemented reasonable procedures and controls in an effort to comply.

11.12. Investment Responsibilities. The System Investment Advisory Committee shall be responsible for investing System funds and must comply with the following:

a. Prudent Person Standard. The Investment Officers shall exercise a Prudent Person Standard at all times with regard to all funds.

b. Personal Business Relationship. Should any Investment Officer have a personal business relationship with a business organization offering to engage in an investment transaction with the System, a statement shall be filed disclosing that personal business interest. This statement must be filed with the Texas Ethics Commission and the Board of Regents. A “personal business relationship” is defined in Chapter 2256.005(i) of the Public Funds Investment Act.

c. Training. Each member of the Board of Regents and the System Investment Advisory Committee shall attend at least one training session within six months after taking office or assuming duties. The Texas Higher Education Coordinating Board will provide training for the Regents. All Investment Officers and members of the System Investment Advisory Committee must attend training not less than once in each fiscal biennium, and may receive training from any independent
source approved by the Board of Regents. The Texas Higher Education Coordinating Board is an approved source for training. The Investment Officers must report the status of their training to the Board of Regents no later than the 180th day after the last day of each regular session of the legislature.


a. Audit. The System’s Internal Audit department shall perform an annual compliance audit of management controls and adherence to this policy. The results will be reported to the Board of Regents and the State Auditor’s Office.

b. Quarterly Reports. The Vice Chancellor for Finance shall prepare a quarterly investment report which includes endowments and submit it to the Board of Regents through the Chancellor. The report will be prepared in compliance with generally accepted accounting principles and will detail, by asset and fund type, changes in book and market values, dates of maturity, and accrued interest. The quarterly reports are to be formally reviewed at least annually by the System’s Internal Audit department in conjunction with the annual compliance audit, and the result of the review shall be reported to the Board of Regents.

c. Annual Report. At the end of each fiscal year, the System will prepare a report of investment performance for the year and submit it to the Board of Regents at its first regularly scheduled board meeting following the end of the fiscal year.

References and Cross-references:
Public Funds Investment Act (Texas Government Code, Chapter 2256)
Texas Education Code, Chapter 51, Subchapter A (Section 51.001, et. seq.)
University of North Texas System Board of Regents Rule 10.100
Uniform Prudent Investor Act (Texas Property Code, Chapter 117)
Uniform Prudent Management of Institutional Funds Act (Texas Property Code, Chapter 163)
Public Funds Collateral Act (Texas Government Code, Chapter 2257)

Approved: August 16, 2012
Effective: August 16, 2012
Title: Approval to Extend Agreement for Firm to Perform the FY 2017-2018 UNT System External Audits

Background:
The UNT System Board of Regents provided approval to hire an external audit firm to perform the FY2014-2016 UNT System External Audits on December 3, 2014. The initial request for proposals allowed for an extension of two additional years.

Financial Analysis/History:
FY 2017 $ 465,000 / FY 2018 $465,000 / Total: $930,000

Legal Review:
This item has been reviewed by General Counsel.

Schedule:
The current agreement with Grant Thornton, LLP will be extended for two additional years upon approval by the Board of Regents.

Recommendation:
It is recommended that the Board of Regents delegate authority to the UNTS Chancellor to execute a two-year extension to the agreement with Grant Thornton, LLP.

Recommended By:

Janet Waldron
Vice Chancellor for Finance

Lee Jackson
Chancellor
Title: Approval to Extend Agreement for Firm to Perform the FY 2017-2018 UNT System External Audits

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent ___ and seconded by Regent ___ , the Board approved the motion presented below:

Whereas, Financial Transformation of the UNT System requires an annual audit of the UNT System Consolidated Annual Financial Report

Whereas, the current agreement with Grant Thornton, LLP expires after completion of the FY 2016 external audit,

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

1. The proposal to delegate authority to the UNTS Chancellor to execute a two-year extension to the agreement with Grant Thornton, LLP.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By: Approval By:

______________________________ ______________________________
Rosemary R. Haggett, Secretary Brint Ryan, Chairman
Board of Regents Board of Regents
**Title:** Acquisition of Real Property located at 1125 North Texas Boulevard, Denton, Texas

**Background:**

The proposed property acquisition of 1125 North Texas Boulevard consists of an approximately 0.3 acre vacant tract located at the southeast corner of North Texas Boulevard and I-35E frontage road, across from the northern entrance to the Eagle Point campus. The property consists of a remainder tract from I-35E construction condemnation by the Texas Department of Transportation.

Currently, UNT owns property along the west side of North Texas Boulevard to the Eagle Point campus. With the realignment of North Texas Boulevard and the closing of Avenue D south of I-35E, this property will allow for further definition of the campus entry point and delineation of the campus edge south of I-35E (see attached map).

A private appraisal was obtained by UNT System on January 6, 2016 to determine the purchase price of the property. The owner has agreed to sell the property for $75,000 plus applicable closing costs. A contract has been signed by UNT System, pending BOR approval, and the Owner, for the acquisition of the property and improvements.

The property is located adjacent to but outside the acquisition boundary approved by the Board in the current UNT campus master plan, so the acquisition requires approval by the UNT System Board of Regents.

**Financial Analysis/History:**

Funds available from HEAF Fund balance will be used for the purchase.

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**Legal Review:**

This item has been reviewed by General Counsel.
Schedule:

Request for approval from UNT System Board of Regents  November 2016

Property Closing  December 2016

**Recommendation:**

It is recommended that the Board of Regents authorize and approve the following Board Order.

**Recommended By:**

James M. Maguire
Vice Chancellor for Facilities Planning & Construction

Neal Smatresk
President

James M. Maguire
Vice Chancellor

Lee Jackson
Chancellor

Attachments Filed Electronically:

- Map of 1125 North Texas Boulevard
Title: Acquisition of Real Property Located at 1125 North Texas Boulevard, Denton, Texas

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, UNT System has the opportunity to purchase the property at 1125 North Texas Boulevard, Denton Texas, and

Whereas, the property adjoins other UNT property and will allow for further definition of the UNT gateway and Eagle Point campus connection,

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

1. The purchase of real property and improvements located at 1125 North Texas Boulevard, Denton, Texas, at the purchase price of $75,000 plus applicable closing costs and other expenses incurred to complete the acquisition of the property as deemed necessary and advisable by the Vice Chancellor for Facilities Planning and Construction. The real property is more particularly described as follows:

   BEING all that certain lot, tract or parcel of land situated in the E. Puchalski Survey, Abstract No. 996, City of Denton, Denton County, Texas, being part of Lots 2 and 6, Foxhunt Addition, an addition to the City of Denton, Denton County, Texas, according to the dedication and plat recorded in Volume 292, Page 618 of the Deed of Records, Denton County, Texas, and being more particularly described as follows:

   BEGINNING at a 5/8” capped rebar found stamped “AZB” at the southwest corner of said Lot 2, same being the northwest corner of Lot 1, of said Foxhunt Addition and being on the east line of Avenue D, (now known as and referred to herein as North Texas Boulevard);

   THENCE N 00°24’30” W, 97.82 feet with the west line of said Lot 2, same being the east line of said North Texas Boulevard, to a 5/8” capped rebar found stamped “AZB” at the westerly southwest corner of that certain called 0.2602 acre tract of land, described as Parcel 114 to the State of Texas, recorded in Document Number 2014-8922, Official Records, Denton County, Texas;

   THENCE S 73°49’30” E, 110.02 feet with the south line of said Parcel 114, to a 1/2” capped rebar set stamped “G&A CONSULTANTS”;
THENCE S 63°56’20” E, continuing with the south line of said Parcel 114, 148.65 feet, to an Aluminum Texas Department of Transportation (TxDot) Monument found on the south line of said Lot 6, being on the north line of Lot 5, of said Foxhunt Addition and being the westerly corner of that certain called 0.0059 acre tract of land, described as Parcel 113 to the State of Texas, recorded in Document Number 2014-75894, Official Records, Denton County, Texas, from which an Aluminum TxDot Monument found at the southeast corner thereof bears S 64°01’00” E, 35.83 feet;

THENCE S 89°33’10” W, 238.50 feet with the common line of said Lots 1, 2, 5 and 6, to the POINT OF BEGINNING and containing approximately 0.300 acres of land.

Bearings based on Texas Coordinate System, North Central Zone (4204), NAD ’83.

2. The Chancellor or his designee to approve and execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take any and all further action necessary or advisable to complete acquisition of the property and carry out the purpose and intent of the foregoing action.

______________________________
Rosemary R. Haggett, Secretary
Board of Regents

______________________________
Brint Ryan, Chairman
Board of Regents

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By: Approved By:

______________________________
Rosemary R. Haggett, Secretary
Brint Ryan, Chairman

______________________________
Board of Regents
Board of Regents
Title: Approval of UNTHSC Professional Medical Malpractice Self-Insurance Premium Rates

Background:

UNTHSC established a Plan for Professional Medical Malpractice Self-Insurance ("Plan") in 2002 which now provides occurrence-based coverage for the UNT Health physicians' clinical practice. Each year, an independent actuary evaluates the adequacy of the Plan and its reserves, considers asserted claims, and analyzes perceived risk. The actuary considers the liability environment in Texas and makes recommendations regarding the premium structure for the forthcoming year. In recent years, the Plan has benefitted from the preservation of state tort reform legislation and the resulting favorable claims history.

This year’s actuarial report indicates the reserve balance in the Plan is sufficient to cover liabilities and projected contingencies. The actuarial report, based on historical Plan performance and goals, projects the annual average loss costs and administrative expenses funding requirement will be approximately $277,000. The UNT Health Leadership has reviewed the solvency report and recommends the Plan funding and premium rates as shown for the state employees. In the unlikely event that losses above the confidence level occurred, unallocated surplus and investment income would be available to provide coverage.

The Plan’s reserve fund appears adequate to cover all anticipated costs at the point in time the actuarial study was completed. The Plan has benefitted from Texas tort reform and laws that limit liability of state entities and employees, and there is no indication of immediate change to this legislation. Actual claim activity and associated costs will determine if premium payment increases are required in subsequent years. The diversified investment of reserve funds was initiated in FY 13 and offers the opportunity to offset the expenses of the Self-Insurance Plan.

Financial Analysis/History:

The Plan should be financially solvent with an Unallocated Surplus of about $11.7 million.

Gregory R. Anderson
Institution Chief Financial Officer

Janet Waldron
Vice Chancellor for Finance
Legal Review:
This item has been reviewed by General Counsel.

Vice Chancellor/General Counsel

Schedule:
December 2016 – November 2017

Recommendation:
The President recommends that the Board of Regents approve the premium rates for the UNTHSC Plan for Professional Medical Malpractice Self-Insurance.

Recommended By:

Gregory R. Anderson
UNTHSC Chief Financial Officer

Michael R. Williams
President

Lee Jackson
Chancellor

Attachments Filed Electronically:
- UNTHSC Recommended Premium Rates for all Risk Classes
Title: Approval of UNTHSC Professional Medical Malpractice Self-Insurance Premium Rates

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent [name] and seconded by Regent [name], the Board approved the motion presented below:

Whereas, the Board of Regents approved the establishment of the UNTHSC Plan for Professional Medical Malpractice Self-Insurance ("Plan") in 2002, and

Whereas, in his October annual report, the actuary (Fred White) indicates the reserve balance in the Plan is sufficient to cover current liabilities and projected contingencies, and

Whereas, the UNT Health Business and Finance Committee recommends that the Plan premiums decrease by approximately 14% because the projected cumulative premium contribution of approximately $277,000 for the year and investment income are expected to be sufficient to cover any shortfall.

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

1. Plan for Professional Medical Malpractice Self-Insurance premium rates as shown on the attachment to the corresponding Board; and
2. Any shortfall in Plan funding may be covered by unallocated surplus and investment income.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:                           Approved By:

________________________________________  __________________________________________
Rosemary R. Haggett, Secretary          Brint Ryan, Chairman
Board of Regents                        Board of Regents
RECOMMENDED PREMIUM RATES
FOR ALL RISK CLASSES

<table>
<thead>
<tr>
<th>Risk Classes</th>
<th>State-Employed Clinical Faculty Physicians</th>
<th>Residents</th>
<th>Federal Prison Adjunct Faculty Physicians</th>
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<tbody>
<tr>
<td>Risk Class 1</td>
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<td>Risk Class 5</td>
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</table>

FOR COMPARISON PURPOSES
THE FOLLOWING TABLE PROVIDES
APPROVED PREMIUM RATES
FOR ALL RISK CLASSES

<table>
<thead>
<tr>
<th>Risk Classes</th>
<th>State-Employed Clinical Faculty Physicians</th>
<th>Residents</th>
<th>Federal Prison Adjunct Faculty Physicians</th>
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<td>Risk Class 5</td>
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</tbody>
</table>
Title: Approval of the Minutes of the August 18-19, 2016 Board Meeting and September 6, 2016 Special Called Board Meeting

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016 pursuant to a motion made by and seconded by, the Board approved the motion presented below:

Whereas, the minutes of the August 18-19, 2016 Board Meeting and September 6, 2016 Special Called Board Meeting have been prepared by the Board Secretary and are attached here for Board approval,

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

1. The Minutes of the August 18-19, 2016 Board Meeting and September 6, 2016 Special Called Board Meeting

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By: Approved By:

__________________________________________
Rosemary R. Haggett, Secretary
Board of Regents

__________________________________________
Brint Ryan, Chairman
Board of Regents
Thursday, August 18, 2016

The University of North Texas System Board of Regents convened on Thursday, August 18, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following Regents in attendance: Milton Lee, A.K. Mago, Don Potts, Rusty Reid, Gwyn Shea, Al Silva, Glen Whitley, Laura Wright, and Christopher Lee. In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Vice Chairman Don Potts, serving as chair in Chairman Brint Ryan’s absence, called the meeting to order at 9:07 am.

Vice Chairman Potts recognized Chancellor Jackson who provided an update on Law School progress and plan and the payroll improvement project. Chancellor Jackson also welcomed new leadership to the UNT System and introduced Michael L. Williams, former State of Texas education commissioner, who is now serving as UNT Dallas’ first Distinguished Leader in Residence.

Vice Chairman Potts recognized President Williams and invited him, as president of the host institution, to give the Board an update on the UNT Health Science Center. President Williams talked about Health System Partnerships, UNTHSC’s efforts in Innovation and Commercialization, and the Institute for Patient Safety and the upcoming Patient Safety Summit.

Vice Chairman Potts recessed the Board for the meetings of the Strategic and Operational Excellence, Academic Affairs and Student Success, Audit, and Finance and Facilities Committees.

Following the Committee meetings, the Board reconvened at 3:40 pm. At 3:41 pm, Vice Chairman Don Potts moved the Board into Executive Session to consider matters noted on the Executive Session agenda.

Vice Chairman Potts reconvened the Board into open session at 4:58 pm. There being no further business, the Board meeting was recessed at 4:59 pm on Thursday, August 18, 2016, to be reconvened at 9:00 am on Friday, August 19, 2016, in the same room.

Friday, August 19, 2016

The University of North Texas System Board of Regents convened on Friday, August 19, 2016, in Room 109-111 of the Medical Education and Training (MET) Building, University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following Regents in attendance: Milton Lee, A.K. Mago, Don Potts, Rusty Reid, Gwyn Shea, Al Silva, Glen Whitley,
Laura Wright, and Christopher Lee. In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Vice Chairman Don Potts, serving as chair in Chairman Brint Ryan’s absence, called the meeting to order at 9:03 am.

Vice Chairman Potts recessed the Board for the meetings of Academic Affairs and Student Success, Finance and Facilities, and Audit Committees.

Following the Committee meetings, Vice Chairman Potts reconvened the full Board at 10:17 am.

The Board considered the following items on the Consent Agenda:

- **2016-39 UNTS** Approval of the Minutes of the May 19-20, 2016 Board Meeting and July 29, 2016 Special Called Board Meeting
- **2016-40 UNTS** Approval to Request to Exceed the Full-time Equivalent Limitation for Fiscal Year 2017
- **2016-41 UNTS** Resolution Declaring Intention to Reimburse Certain Expenditures with Proceeds from Debt
- **2016-42 UNTS** Approval of Intercomponent Transfers of State Appropriations for the College of Law from UNT System Administration to UNT Dallas
- **2016-43 UNTS** Approval of Intercomponent Transfers of State Appropriations
- **2016-44 UNT** Approval of Tenure for New UNT Faculty Appointees
- **2016-45 UNT** Award of Honorary Degree
- **2016-46 UNTHSC** Approval of UNTHSC Regents’ Professor Recommendations
- **2016-47 UNTHSC** Authorization to Execute an Agreement Between UNTHSC and Tarrant County to Provide Physician Services for the Tuberculosis Elimination Program of the Tarrant County Public Health Department
- **2016-48 UNTHSC** Authorization for UNTHSC to Execute a Sub-Award with Tarrant County Public Health on Centers for Disease Control Grant 200-2011-41271

Regent Glen Whitley recused himself from action items 2016-47 and 2016-48. Therefore, the Consent Agenda was considered in two motions. Pursuant to a motion by Regent Rusty Reid seconded by Regent A.K. Mago, the Board approved Consent Agenda items 2016-39 through 2016-46 (1-8 as noted on the agenda). The motion was approved on an 8-0 vote. Pursuant to a motion by Regent A.K. Mago seconded by Regent Rusty Reid, the Board approved Consent Agenda items 2016-47 and 2016-48 (9-10 as noted on the agenda), on a 7-0 vote with Regent Glen Whitley recused.

The Board then considered the following action items coming out of committees:
Academic Affairs Committee Item

2016-49 UNTS Review of University of North Texas System Administration policy related to Carrying of Concealed Handguns in the UNT System Building

Pursuant to a motion by Regent Al Silva seconded by Regent A.K. Mago the Board approved the above Academic Affairs and Student Success Committee action item. The motion was approved on an 8-0 vote.

Finance and Facilities Committee Items

2016-50 UNTS Approval of the FY17 UNT System Consolidated Budget
2016-51 UNTS Approval of UNTS FY2017 Capital Improvement Plan and Amending the FY2016 Capital Improvement Plan
2016-52 UNTS Twenty-Third Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto
2016-53 UNTHSC Delegation of Authority to Negotiate and Execute Managed Care Agreements with Health Care Insurers
2016-54 UNTHSC Delegation of Authority to the Chancellor for Approval of UNTHSC Intergovernmental Transfers (IGT) of Funds for FY 2017 in the Texas Healthcare Transformation and Quality Improvement Program (1115 Transformation Waiver)
2016-55 UNTHSC Delegation of Authority to Amend UNTHSC’s Agreement with CareCycle Solutions, LLC
2016-56 UNTHSC Acquisition of Real Property Located at 1408 St. Louis Avenue, Fort Worth, Texas
2016-57 UNTHSC Delegation of Authority to Negotiate and Execute Agreements Between UNTHSC and the Tarrant County Hospital District and/or Acclaim Physician Group
2016-58 UNTHSC Authorization to Serve on Outside Board
2016-59 UNTD UNT Dallas Room and Board Rates for Academic Year 2017-2018

Regent Whitley wished to abstain from voting on Item 2016-57. Therefore, Regent Rusty Reid made a motion to approve items 2016-50 through 2016-56, 2016-58 and 2016-59, which was seconded by Regent Laura Wright. The Board approved items 2016-50 through 2016-56, 2016-58 and 2016-59 on an 8-0 vote. Regent Reid then made a motion seconded by Regent Laura Wright, to approve item 2016-57. The motion was approved on a 7-0 vote, with Regent Whitley abstaining.
Audit Committee Items

2016-60 UNTS  Acceptance of the External Audit of UNT System FY15 Consolidated Annual Financial Statements
2016-61 UNTS  Fiscal Year 2017 UNT System Internal Audit Plan

Pursuant to a motion by Regent Glen Whitley seconded by Regent Rusty Reid the Board approved the above Audit Committee agenda items. The motion was approved 8-0 vote.

The following Background Material was shared with the Board through its committees:

- Institutional Strategic Planning Documents
- Quarterly Operations Report
- Quarterly Academic Measures Report
- UNT System Consolidated Quarterly Compliance Report, March 2016 through May 2016

At 10:22 am, Vice Chairman Don Potts moved the Board into Executive Session to consider matters noted on the Executive Session agenda.

Vice Chairman Potts reconvened the Board into open session at 1:32 pm. There were no items to consider from Executive Session.

There being no further business, the Board meeting was adjourned at 1:32 pm on Friday, August 19, 2016.

Submitted By:                                      Approved By:

Rosemary R. Haggett, Board Secretary              Brint Ryan, Chairman
Board of Regents                                    Board of Regents

Date: ____________________                          Date: ____________________
The University of North Texas System Board of Regents convened a special called meeting via teleconference on Tuesday, September 6, 2016, in Room 711, UNT System Building, 1901 Main St. Dallas, Texas, with the following Regents in attendance: Brint Ryan, Milton Lee, A.K. Mago, Don Potts, Rusty Reid, and Glen Whitley.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Ryan called the meeting to order at 1:00 pm.

The Board Secretary called roll and identified all participants in the meeting.

At 1:03 pm Chairman Ryan moved the meeting into Executive Session in accordance with Texas Government Code Sections 551.071.

The Board reconvened in Open Session at 1:07 pm.

The Board had two action items to consider.

2016-62 Authorization of a Resolution Supporting the Application for Provisional Accreditation by UNT Dallas College of Law

Regent Mago made the motion to approve, and Regent Reid seconded the motion. Chairman Ryan invited discussion, and there was some discussion regarding whether the resolution should have a more forceful tone. After discussion, no revision was suggested. Hearing no further discussion, Chairman Ryan called for the vote. The Board Secretary called the roll and recorded the vote. The motion passed by a vote of 6-0.

2016-63 Approval of Correction to 2016-2017 Graduate Admission Standards Reporting Document for UNT Dallas

Regent Reid made the motion to approve, and Regent Potts seconded the motion. Chairman Ryan invited discussion, and hearing none, called for the vote. The Board Secretary called the roll and recorded the vote. The motion passed by a vote of 6-0.

There being no further business, the meeting was adjourned at 1:16 pm.
Title: FY18 & FY19 Holiday Schedule for the UNT System Administration, UNT, UNTHSC, and UNT Dallas

Background:
Texas Government Code 662.011 allows the governing body of an institution of higher education to establish the holiday schedule on any days the Board chooses, but the number of holidays may not exceed the total number of days to which other State agencies are entitled.

According to State law, holidays that fall on weekends are not included in the state’s allotment.

Schedules for UNT System Administration, UNT, UNTHSC, and UNT Dallas are included in the following Board Order.

The Chancellor is authorized to modify the holiday schedule when such a change is deemed to be in the public interest.

FY 2018 Holiday Schedule
It is proposed that the following fourteen (14) days be established as the official Holiday Schedule for all locations for FY 2018, contingent on subsequent legislative changes which would require alteration:

<table>
<thead>
<tr>
<th>Holiday</th>
<th>Date</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Day</td>
<td>September 4, 2017</td>
<td>1 day</td>
</tr>
<tr>
<td>Thanksgiving</td>
<td>November 23 - 24, 2017</td>
<td>2 days</td>
</tr>
<tr>
<td>Winter Holiday</td>
<td>December 25 - 29, 2017</td>
<td>5 days</td>
</tr>
<tr>
<td>New Year's Day</td>
<td>January 1, 2018</td>
<td>1 day</td>
</tr>
<tr>
<td>MLK, Jr. Day</td>
<td>January 15, 2018</td>
<td>1 day</td>
</tr>
<tr>
<td>Spring Break</td>
<td>March 12, 2018</td>
<td>1 day</td>
</tr>
<tr>
<td>Memorial Day</td>
<td>May 28, 2018</td>
<td>1 day</td>
</tr>
<tr>
<td>Independence Day</td>
<td>July 4, 2018</td>
<td>1 day</td>
</tr>
<tr>
<td>Floating Holiday</td>
<td>To be selected by employee</td>
<td>1 day</td>
</tr>
</tbody>
</table>

Total: 14 days
**FY 2019 Holiday Schedule**

It is proposed that the following thirteen (13) days be established as the official Holiday Schedule for all locations for **FY 2019**, contingent on subsequent legislative changes which would require alteration:

<table>
<thead>
<tr>
<th>Holiday</th>
<th>Dates</th>
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</thead>
<tbody>
<tr>
<td>Labor Day</td>
<td>September 3, 2018</td>
<td>1</td>
</tr>
<tr>
<td>Thanksgiving</td>
<td>November 22 - 23, 2018</td>
<td>2</td>
</tr>
<tr>
<td>Winter Holiday</td>
<td>December 24 - 28, 2018</td>
<td>5</td>
</tr>
<tr>
<td>Winter Holiday</td>
<td>December 31, 2018</td>
<td>1</td>
</tr>
<tr>
<td>New Year's Day</td>
<td>January 1, 2019</td>
<td>1</td>
</tr>
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<td>1</td>
</tr>
<tr>
<td>Independence Day</td>
<td>July 4, 2019</td>
<td>1</td>
</tr>
</tbody>
</table>

**Total:** 13 days

**Financial Analysis/History:**

State holidays are a paid employee benefit and are considered in budgets by chief financial officers at each locations.

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**Legal Review:**

This item has been reviewed by General Counsel.
Schedule:
The FY18 and FY19 holiday schedules for the UNT System Administration, UNT, UNTHSC, and UNT Dallas will go into effect upon approval by the Board of Regents.

Recommendation:
It is recommended that the Board of Regents authorize and approve the holiday schedules for FY18 and FY19 as proposed in the attached Board Order.

Recommended By:
Janet Waldron
Vice Chancellor for Finance

Neal Smatresk
UNT President

Michael R. Williams
UNTHSC President

Bob Mong
UNTD President

Lee Jackson
Chancellor
Title: FY18 & FY19 Holiday Schedule for UNT System Administration, UNT, UNTHSC and UNT Dallas

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent [Regent name] and seconded by Regent [Regent name], the Board approved the motion presented below:

Whereas, State law allows the governing body of an institution of higher education to establish the holiday schedule for the institution, and

Whereas, the holidays may be set on any days that the Board of Regents chooses, but the number of holidays may not exceed the total number of days to which employees of other State agencies are entitled, and

Whereas, it has been determined that the other State agencies will observe fourteen (14) holidays during FY 2018, and thirteen (13) during FY 2019.

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

1. The following holiday schedules for UNT, UNT Dallas, UNTHSC and UNT System Administration.

FY 2018 Holiday Schedule
It is proposed that the following fourteen (14) days be established as the official Holiday Schedule for all locations for FY 2018, contingent on subsequent legislative changes which would require alteration:

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FY 2019 Holiday Schedule

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</table>

Total: 13 days

2. The Chancellor is authorized to modify the holiday schedules when such a change is deemed to be in the public interest.

VOTE: _____ ayes    _____ nays    _____ abstentions

BOARD ACTION:

Attested By: Approved By:

Rosemary R. Haggett, Secretary Brint Ryan, Chairman
Board of Regents Board of Regents
Title: Approval of UNT Emeritus Recommendations

Background:

In accordance with UNT Policy 06.013, Conferring Emeritus Status,

The title “Emeritus” may be conferred by the Board of Regents to a faculty member or librarian at the time of retirement, upon the recommendation of the department/unit, and with administrative approval.

A university administrator, to be eligible for emeritus status, must hold a faculty or librarian appointment, have served in a position at the dean level or higher, and have a record of distinguished service. The emeritus title for an administrator will be commensurate with the position held at the time of retirement (e.g., Dean emeritus, President emeritus, etc.). For faculty or librarians recruited directly to administrative positions, the ten year employment requirement is waived.

Emeritus status is recommended for the following individuals:

Gayla Byerly, Librarian IV, University Libraries

Ms. Gayla Byerly joined UNT as a librarian in the fall of 2000. Ms. Byerly is a noted leader and promoter of information literacy programs for UNT students and the surrounding Denton community. Gayla has led many efforts to instruct students in the use of information resources, including leading the Denton Inquiry for Lifelong Learning project, a project dedicated to developing lifelong learners through improved P20 information literacy. This effort serves a wide-range of institutions in the greater Denton literacy community, including the Denton Independent School District, the Denton Public Library, TWU’s Blagg-Huey Library, TWU’s Department of Library and Information Studies, UNT’s College of Information, and the UNT Libraries. Gayla has also served as a liaison to the UNT English department, developing close working relationships with many of the English faculty.

Jerry Dickenson, Robert Dedman Endowed Chair in Club Management, College of Merchandising, Hospitality, and Tourism

Mr. Jerry Dickenson joined UNT as the Robert Dedman Chair in Club Management for the Department of Hospitality and Tourism Management in the spring of 1996. Mr. Dickenson held this position from 1996 to 2016 and made significant contributions to the growth and reputation of hospitality management at UNT. Committed to student success and a pioneer of distributed learning, Jerry built extensive industry contacts for internships and development, mentored students, and established a hospitality scholarship. Jerry’s UNT service includes serving as a University Trustee since 1988 and selection as a UNT Centennial Year Distinguished Alumnus.
Eugene Hargrove, Professor, College of Arts and Sciences

Dr. Eugene Hargrove joined UNT as an Associate Professor and Chair for the Department of the Philosophy and Religion Studies in the fall of 1990 and was promoted to Professor in 1997. Dr. Hargrove is considered to be one of the founding fathers of the field of Environmental Philosophy. When Dr. Hargrove joined UNT, he brought with him the *Environmental Ethics Journal* and helped transform the Philosophy program into one of the best programs in the world. Dr. Hargrove led this transformation by developing a vision whereby departmental faculty contributed to their becoming world leaders in the field of Environmental Ethics. As a mentor, Gene has worked with 33 graduate students, 4 of which completed the relatively new PhD program. Gene uses an interdisciplinary approach to teaching and is a strong advocate for the interaction between philosophy and the environmental sciences.

Cathy Nelson Hartman, Associate Dean, University Libraries

Ms. Cathy Nelson Hartman joined UNT in the spring of 1995 and served in several leadership roles until her retirement as Associate Dean of Libraries in 2015. Ms. Hartman led several influential and innovative digital library projects, including founding the Cyber Cemetery web preservation service, an archive of government websites that have ceased operation. This project between the UNT Libraries and the U.S. Government Printing Office, Federal Depository Library Program, provides permanent public access to the websites and publications of defunct U.S. government agencies and commissions. In addition, Cathy led the creation of the Portal to Texas History, a statewide digital gateway to rare, historical, and primary source materials from or about Texas. The Portal leveraged relationships with hundreds of content partners across the state by providing a vibrant, growing collection of resources that are viewed by scholars everywhere. In 2012-13, Cathy was elected for a one-year appointment as Chair of the International Internet Preservation Consortium, a world-wide group that leads the development of web preservation efforts among internationally active digital libraries.

Jane Huffman, Professor, Teacher Education and Administration

Dr. Jane Huffman joined UNT in the spring of 1996 as an Assistant Professor and was promoted to Professor in 2011. During her 20-year tenure, Dr. Huffman taught graduate courses in the Educational Administration/Leadership program within the Department of Teacher Education and Administration. Dr. Huffman is internationally known for her scholarship in the area of Professional Learning Communities, with 3 books, 12 book chapters, 17 national/international refereed journal articles, and 57 national/international conference presentations to her credit. In 2014, Jane was appointed the Mike Moses Endowed Chair in Educational Administration. Jane’s noteworthy awards include the Research Leadership Award sponsored by the UNT Office of Research and Economic Development in 2014, the UNT Faculty Award for Excellence in Doctoral Mentorship in 2009, two Charn Uswachocke International Grants in 2010 and 2012, and several departmental and university teaching awards and award nominations.

Michel Sirvent, Professor, College of Arts and Sciences

Dr. Michel Sirvent joined UNT in the fall of 1994 as an Assistant Professor of French in the Department of World Languages, Literatures, and Cultures and was promoted to Professor in 2008. Dr. Sirvent is widely known for his research in 20th century and contemporary French literature. His publications include 4 books and more than 25 peer-reviewed journal articles. In addition to being well-known in the U.S. and France, Michel has been published in Canada, the United Kingdom, Italy, Spain, and Brazil. His international reputation led to his participation in the International Cultural Center of Cerisy-la-Salle Textics Seminar fifteen times. Michel has been a major contributor to the development of the curriculum and scholarly reputation of the
Department of World Languages, Literatures, and Cultures, including teaching all French literature beyond the 18th century courses.

**Richard Tas, Professor, College of Merchandising, Hospitality and Tourism**

Dr. Richard Tas, joined UNT in the fall of 1985 as an Assistant Professor of Hotel and Restaurant Management and was promoted to Professor in 2002. Dr. Tas founded the Bachelor of Science in Hospitality Management in 1985 and has been instrumental in its success for over 30 years. Richard’s research in hospitality management has garnered an international reputation. With a strong passion for teaching and student development, Richard has received numerous awards including the UNT Student Association Honor Professor Award, UNT Pioneer Award for Distributed Learning, UNT President’s Council Teaching Award, Kappa Alpha Professor of the Year Award, Honors Professor Award, 'Fessor Graham Award, and the University Distinguished Teaching Professor Award.

**Jerry Thomas, Dean, College of Education**

Dr. Jerry Thomas, joined UNT as Dean of the College of Education in the spring of 2008. Dr. Thomas came to UNT from Iowa State University, where he was a Professor and Chair of the Department of Kinesiology. Dr. Thomas has authored over 230 research and professional publications, books, and book chapters. His best-selling graduate textbook, *Research Methods in Physical Activity*, is currently in its 7th edition and is widely used throughout the country. Jerry has presented over 300 papers to conferences and universities and has been a visiting scholar at institutions in Australia, Korea, China, Thailand, and Hong Kong. In 2010, Jerry was appointed faculty representative to UNT Athletics. During his tenure, the College of Education received more than $2 million in private donations every year through 2014, with a high of $3.3 million in 2013. Total grant and contract funding for the College of Education increased to more than $12 million in 2014-15.

**Ruthanne Thomas, Professor, College of Arts and Sciences**

Dr. Ruthanne Thomas, joined UNT in the fall of 1981 as an Assistant Professor of Chemistry and was promoted to Professor in 2001. Dr. Thomas retired from UNT in May 2016 after a 35-year career. Dr. Thomas was a leader at all levels of the university. As a faculty member, she had numerous peer-reviewed publications in top quality journals and she mentored over 25 graduate students to completion of their MS or PhD. Ruthanne served as Department Chair in Chemistry and more recently as the Associate Vice President for Research. Under Ruthanne’s leadership, $1 million was raised to establish the Welch Research Professorship in Chemistry.

**Richard White, Distinguished Teaching Professor, College of Business**

Dr. Richard White joined UNT in the fall of 1990 as an Assistant Professor in the College of Business and was promoted to Professor in 2001. During his tenure, Dr. White modernized the Operations and Supply Chain Management program and sponsored the student Integrated Supply Management organization. Dr. White was appointed Associate Dean for the College of Business and led the effort to downsize the doctoral program in order to increase national program recognition. Richard has published over 46 research publications, including 18 Class A journal manuscripts and 28 research proceedings papers. Richard secured a $2.1 million donation from the Oracle Corporation in software and technology for the Department of Management to train future business entrepreneurs. Richard’s awards include the first Distinguished Teaching Professor in the College of Business, multiple Outstanding Educator and Outstanding Teacher awards, and the UNT President’s Council Teaching Award.
Jon Young, Professor, Educational Psychology, College of Education

Dr. Jon Young, joined UNT in the fall of 1977 as an Associate Professor in the College of Education and was promoted to Professor in 1985. Dr. Young has served five different departments in the College of Education, including serving as Chair of the Department of Technology and Cognition for 14 years. In each of these departments, Dr. Young taught undergraduate and graduate classes and served on various committees. As a mentor, Jon has worked with several graduate students to the completion of their degrees, including 8 doctoral students. Jon has consulted with the U.S. Departments of Agriculture, Education, Army, Corps of Engineers; the National Science Foundation; and the National Science Center. Jon has published 38 refereed articles, 7 books, and presented 19 papers to national or international conferences. Jon has been instrumental in the receipt of over $1 million in grants awarded to the College of Education.

Financial Analysis/History:

There are no financial implications.

Legal Review:

This item has been reviewed by General Counsel.

Schedule: Effective upon approval by the Board of Regents.

Recommendation:

The President recommends that the Board of Regents grant Emeritus status to these distinguished retired individuals.
Recommended By:

O. Finley Graves
Provost and VPAA

Neal Smatresk
President

Rosemary R. Haggett
Vice Chancellor

Lee Jackson
Chancellor
Title: Approval of UNT Emeritus Recommendations

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, UNT Policy 06.013, *Conferring of Emeritus Status*, states that the title “Emeritus” may be conferred by the Board of Regents to a faculty member or librarian at the time of retirement, upon the recommendation of the department/unit, and with administrative approval, and

Whereas, a university administrator, to be eligible for emeritus status, must hold a faculty or librarian appointment, have served in a position at the dean level or higher, and have a record of distinguished service. The emeritus title for an administrator will be commensurate with the position held at the time of retirement (e.g., Dean emeritus, President emeritus, etc.). For faculty or librarians recruited directly to administrative positions, the ten year employment requirement is waived,

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

- Gayla Byerly, Librarian Emeritus
- Jerry Dickenson, Lecturer Emeritus
- Eugene Hargrove, Professor Emeritus
- Cathy Nelson Hartman, Associate Dean Emeritus
- Jane Huffman, Professor Emeritus
- Michel Sirvent, Professor Emeritus
- Richard Tas, Professor Emeritus
- Jerry Thomas, Dean Emeritus
- Ruthanne Thomas, Professor Emeritus
- Richard White, Distinguished Teaching Professor Emeritus
- John Young, Professor Emeritus

VOTE: _____ ayes  _____ nays  _____ abstentions

BOARD ACTION:

Attested By:  

Approved By:

Rosemary R. Haggett, Secretary  
Board of Regents

Brint Ryan, Chairman  
Board of Regents
Title: Approval of Tenure Recommendation for New UNTHSC Faculty Appointee

Background:
In accordance with the University of North Texas Health Science Center (UNTHSC) Faculty Bylaws, Article X – Tenure, Section A – Non-tenured Faculty Members on the Tenure Track,

“...each new faculty member shall serve a minimum probationary term of no less than one year before application for tenure, unless the President, in special circumstances, recommends immediate tenure.”

Dr. Magdalena Muchlinski received her PhD in Anthropology from the University of Texas at Austin in 2008. Prior to joining UNTHSC in August 2016, she was an Associate Professor with tenure at the University of Kentucky College of Medicine. While there, she received substantial funding from the university to design hybrid courses through their eLearning innovation initiative, as well as funds through the Center for Enhancement of Learning and Teaching to renovate the anatomy and physiology course for nursing students. In 2014, she was granted an award from the Social Science Division of the National Science Foundation for her project entitled “Skeletal muscle constraint on relative brain size”. Since 2006, Dr. Muchlinski has been invited to give many presentations on her research, and has published numerous peer-reviewed manuscripts. She excelled in teaching of medical students and undergraduate students while at the University of Kentucky and has received many school-wide and departmental awards for her efforts in teaching and educational innovations. Dr. Muchlinski’s recruitment to the Center for Anatomical Sciences as an Associate Professor with tenure will strengthen the quality of our anatomy educational programs for graduate, medical and health professions students. In addition, she will enhance the quality of our Structural Anatomy and Rehabilitation Science graduate program through her innovative research and commitment to teaching excellence. She has over a decade of teaching experience in Human Gross Anatomy that will prove to be invaluable over the next couple of years as we add our fourth anatomy program, the UNTHSC/TCU MD Medical School. Dr. Muchlinski will be a valuable asset to the Center, the Graduate School, and to UNTHSC.

Financial Analysis/History:
In general, the award of tenure carries with it the assurance of continued employment absent the showing of good cause for termination.
Legal Review:

This item has been reviewed by General Counsel.

Vice Chancellor/General Counsel

Schedule:

Tenure will be effective immediately upon Board approval.

Recommendation:

The President recommends, with the concurrence of the Chancellor, that the Board of Regents authorize and approve the award of tenure for Dr. Magdalena Muchlinski.

Recommended By:

Interim Provost

President

Vice Chancellor

Chancellor
Title: Approval of Tenure Recommendation for New UNTHSC Faculty Appointee

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, in accordance with the University of North Texas Health Science Center (UNTHSC) Faculty Bylaws, Article X – Tenure, Section A – Non-tenured Faculty Members on the Tenure Track,

“...each new faculty member shall serve a minimum probationary term of no less than one year before application for tenure, unless the President, in special circumstances, recommends immediate tenure”, and

Whereas, Dr. Muchlinski is an outstanding educator and researcher and was tenured at her previous institution, and

Whereas, Dr. Muchlinski is endorsed by her Dean, the Provost and Executive Vice President for Academic Affairs, and the President,

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

1. The conferring of tenure to Dr. Magdalena Muchlinski, effective immediately.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:
Attested By: Approved By:

Rosemary R. Haggett, Secretary Brint Ryan, Chairman
Board of Regents Board of Regents
Title: Authorization to Enter into Agreement Between Tarrant County Public Health and UNTHSC for Continuing Education Program

Background:
Tarrant County Public Health (TCPH) developed a program to provide continuing education to their staff nurses and allied health professionals on the most up-to-date topics affecting the healthcare of the citizens of Fort Worth. UNTHSC Professional and Continuing Education (PACE) will provide continuing education credit to those attending the program.

Financial Analysis/History:
The proposed contract is for $2,000.00 to be paid by Tarrant County to UNTHSC for PACE services outlined in the Contract for Services.

Legal Review:
This item has been reviewed by General Counsel.

Schedule:
$2,000.00 will be paid within 30 days of invoice receipt upon approval and execution of this contract.
Recommendation:

It is recommended that the Board of Regents authorize and approve the execution of the contract for PACE services between TCPH and UNTHSC.

Recommended By:

Claire Peel
Interim Provost

Michael R. Williams
President

Lee Jackson
Chancellor

Attachments Filed Electronically:

- Contract for Services – Continuing Education Program
Title: Authorization to Enter into Agreement Between Tarrant County Public Health and UNTHSC for Continuing Education Program

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, Tarrant County Public Health (TCPH) and UNTHSC partner on programs that improve patient health in Tarrant County, and

Whereas, this program was developed by TCPH to provide continuing education to their staff nurses and allied health professions on the most up-to-date topics affecting the healthcare of the citizens of Fort Worth, and

Whereas, UNTHSC Professional and Continuing Education (PACE) will provide continuing medical education credit to those attending the program,

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

1. Execution of an agreement between Tarrant County and UNTHSC for the Office of Professional and Continuing Education (PACE) to provide continuing education credit to Tarrant County Public Health staff nurses and allied health professionals attending the program.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By: 

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents
STATE OF TEXAS

COUNTY OF TARRANT

$\$\$

CONTRACT FOR SERVICES

BACKGROUND

This Contract for Services is between Tarrant County, Texas ("COUNTY") and UNT Health Science Center Professional and Continuing Education Office ("PROVIDER") for the provision of Continuing Educational Units to the staff of Tarrant County Public Health. The Commissioners Court finds that this contract serves a public purpose in improving the ability of the staff to provide improved care to the citizens of Tarrant County, Texas.

CONTRACT FOR SERVICES

1. SCOPE OF SERVICES

Provider will perform content overview and Continuing Education ("CE's") for each participant attending any or all of up to 12 staff programs over a 12 month period, as well as, CE management, all appropriate forms, certificates and maintenance of records. This will include:

Scope of Services:
1. Provider will provide the Tarrant County Public Health designated liaison with a schedule for delivery of data items required to perform content overview and credit claim form creation;
2. Provider will review the purpose/goal statement and learning objectives for each program at least 30 days prior to ensure all accreditation guidelines are met;
3. Provider will develop and send TCHP a claim credit form for each program. Each individual participant will be responsible for claiming his or her own credit within the timeframe indicated on the form;
4. Provider will provide a link to the online disclosure form, then review the presenter's conflict of interest statement prior to the program to ensure compliance;
5. Provider will maintain all registrants continuing education transcripts in their learning management system for up to six (6) years;
6. Provider will provide CE's in the following area: Nursing. Said CE's are for RN's and LVN's in accordance with the standards and guidelines specified by the following accrediting agency, California Board of Registered Nurses.

2. TERM AND TERMINATION

This contract begins on October 1, 2016 and concludes on October 1, 2017.
2.1 **Termination without Cause** - Either party upon 30 days written notice may terminate this agreement without cause.

2.2 **Annual Fiscal Condition Precedent** - The parties acknowledge and agree that the Tarrant County is a governmental entity subject to an annual budgetary process and restrictions on spending in conformity with that process and its approved budget. The parties further agree that, notwithstanding any other language or provision herein to the contrary, if for any reason funds are not budgeted expressly for this agreement for the County’s fiscal years subsequent to that in which funds for this Agreement are first allocated, the County may immediately and without penalty terminate this Agreement; provided, however, that in no event shall such a termination be effective earlier than the expiration of the last date for which funds have already been so allocated under an existing, finally approved budget.

3. **COST**

The COUNTY will pay no more than $2,000.00 pursuant to this contract. COUNTY will pay PROVIDER within 30 days of invoice receipt upon approval and execution of this contract.

3.1 PROVIDER will bill for future services performed in accord with this contract;

3.2 PROVIDER will send an invoice upon receipt of the signed contract to Tarrant County Public Health, Administration Office, 1101 S. Main, Suite 2416, Fort Worth, Texas 76104;

4. **FINANCIAL RESPONSIBILITY**

PROVIDER is responsible for its incurred expenses in performing this contract. To the extent permitted by the Constitution and the laws of the State of Texas, PROVIDER indemnifies and holds harmless the COUNTY against any and all claims, lawsuits, settlements, judgments, costs, penalties and expenses, including attorney’s fees, with respect to PROVIDER’S performance of this contract.

5. **AGENCY-INDEPENDENT CONTRACTOR**

PROVIDER is an independent contractor. COUNTY will not direct the PROVIDER in the details of performing its duties. PROVIDER and its employees are not agents of the COUNTY. COUNTY and its employees are not agents of PROVIDER. This contract does not entitle PROVIDER to any benefit, privilege or other amenities of employment with the COUNTY. This contract does not entitle COUNTY to any benefit, privilege or other amenities of employment with the PROVIDER.

6. **ASSIGNMENT**
Neither party may assign this contract without prior written consent of the other party.

7. **THIRD PARTY BENEFICIARY EXCLUDED**

This contract does not protect any specific third party. The intent of this contract excludes the idea of a suit by a third party beneficiary. The parties to this contract do not consent to the waiver of sovereign immunity under Texas law to the extent either party may have that immunity under Texas law.

8. **MISCELLANEOUS**

This contract supersedes all prior representations. The parties may amend this contract by subsequent written amendments. The parties will not amend this contract orally. The law of the State of Texas governs this contract. Venue for any action regarding this contract must be in the district courts of Tarrant County, Texas.

9. **NOTICE**

**Notice.** Notices of termination or of important communications to be given under this Agreement shall be given to the respective parties in writing either by personal delivery, overnight delivery service, registered or certified mail, or postage prepaid. Such notices or communication shall be deemed to have been provided three (3) days after depositing in the United States mail if sent by regular, registered or certified mail, postage prepaid, or one (1) day after delivery to an overnight delivery service.

10. **PARTIES ADDRESSES**

    **COUNTY**
    **TARRANT COUNTY PUBLIC HEALTH**
    1101 S. Main, STE 2416
    Fort Worth, Texas 76104

    **PROVIDER**
    **UNTHSC PACE OFFICE**
    3500 Camp Bowie BLVD
    Fort Worth, Texas 76104

11. **1295**

Provider acknowledges that it is a “governmental entity” and not a “business entity” as those terms are defined in Tex. Gov't Code § 2252.908, and therefore, no disclosure of interested parties pursuant to Tex. Gov't Code Section 2252.908 is required.
RSS Requirements

Requirements for all Regularly Scheduled Series:

1. The Joint Provider will complete an RSS application annually for each RSS series (not each individual session).
2. The Joint Provider will formulate the needs assessment, define the educational gaps and produce objectives linked to the gaps.
3. An in-depth outcomes assessment of at least one activity will be completed by the Joint Provider for each RSS series in addition to an evaluation.
4. The Joint Provider is responsible for proposing the objectives and the content of the program which may be modified by UNTHSC PACE.
5. The program chair and coordinator must meet with UNTHSC PACE staff at least annually to review the RSS.
6. The Joint Provider is responsible for proposing an annual revenue and expense budget for each RSS.
7. The Joint Provider will reconcile the RSS within 30 days of its end and, if necessary, provide UNTHSC PACE copies of all required reconciliation documents and budget figures for commercial supporters.
8. The Joint Provider will not seek funds for the activity from sources not approved by UNTHSC PACE.
9. The Joint Provider will notify UNTHSC PACE of its desire to seek funds from a source prior to seeking funds.
10. The Joint Provider will make all arrangements for the facility where the educational activity will be held. UNTHSC PACE reserves the right to reject proposed facilities based on its interpretation of CME guidelines, best judgment and internal policies.
11. The Joint Provider will obtain the necessary insurance coverage for the educational activity, as required by the facility where the activity will be held.
12. The Joint Provider will plan all breaks, food and beverages.
13. The Joint Provider will coordinate all audio/visual requirements for the activity, including staffing.
14. The Joint Provider will pay all activity expenses, including the presenter honoraria when authorized by UNTHSC PACE.
15. The Joint Provider will register the participants, collect the registration fees and send confirmations of registration, as well as provide on-site registration options, if needed.
16. The Joint Provider will liaise with approved presenters, including provision of confirmation.
17. The Joint Provider will collect disclosure declarations via the link to the UNTHSC PACE online disclosure from all individuals in a position to influence the content of the activity and provide to UNTHSC PACE at least 30 days prior to activity involvement.
18. The Joint Provider will provide UNTHSC PACE with the presenters’ presentation materials no less than 10 days before the educational activity for review and modification.
19. The Joint Provider will provide to UNTHSC PACE all RSS schedules at least 30 days in advance of the activities.
20. Schedule changes or event cancellations will be communicated promptly by the Joint Provider to UNTHSC PACE.
21. UNTHSC PACE must receive the topic, objectives, and presenter information at least 30 days in advance of the activity.
22. The Joint Provider will ensure announcements, flyers, and invitations for each session contain the information prescribed by UNTHSC PACE. (1)
23. The Joint Provider will provide all announcements, flyers, and invitations for each session to UNTHSC PACE for approval at least 30 days before the activity and prior to distribution.
24. The Joint Provider will display the announcement outside the meeting space at each RSS session to ensure all participants have received advance notice of the subject matter, faculty, faculty disclosures, and course objectives.
25. The Joint Provider will print all approved meeting materials, including claim credit forms, informational pages and nametags upon approval from UNTHSC PACE.
26. The Joint Provider will ensure participants claim credit for RSS participation through the UNTHSC PACE learning management system prior to the deadline specified on the "Claim Credit" form provided.
27. The Joint Provider will verify attendance at each RSS event and submit completed sign-in sheets of verification to UNTHSC PACE within 30 days after each event.

(1) Required elements for announcements, flyers, etc.:
- Title
- Speaker with credentials
- Location with address
- Date
- Times
- Learning objectives
- Target audience
- Accreditation statements
- How to register/RSPV
Approved on this the ______ day of ______________________, 2016, by Commissioners
Court Order No. ____________________.

TARRANT COUNTY
STATE OF TEXAS

______________________________
County Judge

______________________________
Executive Vice President
Finance & Administration

APPROVED AS TO FORM:
By law, the District Attorney’s Office approves this contract on behalf of its County clients. This Office
does not approve a contract nor provide legal advice to other parties to this contract. Our review of this
document was conducted solely from the legal perspective of our client. Our approval of this document
was offered solely for the benefit of our client. Other parties should not rely on this approval and should
seek review and approval by their own respective attorney.

______________________________
District Attorney’s Office

CERTIFICATION OF FUNDS AVAILABLE FOR THE AMOUNT OF: $2,000.

______________________________
Auditor’s Office
Debarment/suspension certification indicating that you are in compliance with the below Federal Executive Order.

Debarment:
Federal Executive Order (E.O.) 12549 "Debarment and Suspension" requires that all contractors receiving individual awards, using federal funds, and all sub-recipients certify that the organization and its principals are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from doing business with the Federal Government.

Your signature certifies that neither you or your principal is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

____________________________ (Name)
____________________________ (Company)
____________________________ (Address)
____________________________ (Address)
PHONE _______________ -- FAX _______________
EMAIL __________________________

__________________________________ Signature _______________________________ Date
Title: Subcontract and BAA from Tarrant County for “Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)” to be provided to UNTHSC, PI Dr. Amy Raines-Milenkov

Background:
Tarrant County has received an award from HRSA which it will subcontract a portion of to UNTHSC for work to be completed by Dr. Amy Raines-Milenkov. The grant is entitled “Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)”.

Financial Analysis/History:
This subcontract would begin on August 1, 2016 and expire July 31, 2017. It should be noted that TCPH did not receive their award from HRSA until July 29, it then required approval by their auditor’s office and the court. The court approved on August 9, at which time the process to issue Subawards and notification to Principal Investigators began. The contract reached UNTHSC on September 9, which was after the August BOR meeting. The subcontract is written to match the dates on their award from HRSA. Tarrant County will pay UNTHSC $99,142.00 in exchange for performing the above described research.

Legal Review:
This item has been reviewed by General Counsel.

Schedule:
This contract would begin on August 1, 2016 and expire July 31, 2017.
Recommendation:

For the UNTHSC President to approve and sign the Subcontract between UNTHSC and Tarrant County for the Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) for the term to expire July 31, 2017, and the associated BAA.

Recommended By:

Gregory R. Anderson
UNTHSC Chief Financial Officer

Michael R. Williams
President

Lee Jackson
Chancellor
Title: Subcontract and BAA from Tarrant County for “Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)” to be provided to UNTHSC, PI Dr. Amy Raines-Milenkov

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on November 17-18, 2016, pursuant to a motion made by Regent and seconded by Regent , the Board approved the motion presented below:

Whereas, Tarrant County wishes to engage the services of UNTHSC in order to further the goals of its HRSA Part D Grant entitled “Ryan White HIV/AIDS Program Part D Grants for Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY)”, and

Whereas, UNTHSC wishes to execute a subcontract and BAA with Tarrant County for good and valuable consideration, and

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

1. For the UNTHSC President to approve and sign the Subcontract between UNTHSC and Tarrant County for the Coordinated HIV Services and Access to Research for Women, Infants, Children, and Youth (WICY) for the term to expire July 31, 2017, and the associated BAA.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:
Attested By: Approved By:

__________________________________________________________
Rosemary R. Haggett, Secretary
Board of Regents

__________________________________________________________
Brint Ryan, Chairman
Board of Regents