



# UNT | SYSTEM™

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## **Audit Committee Meeting Agenda**

July 6, 2016  
University of North Texas Health Science Center  
MET Building, Room 109/111  
1000 Montgomery Street  
Fort Worth, TX 76107

### **Wednesday, July 6, 2016**

**2:30 p.m. Call to Order**

#### **Briefings:**

##### *Fiscal Year 2015 Financial Statement Audit Results*

- Ben Kohnle, Grant Thornton, Partner

##### *Enterprise Audit Report Inventory*

- Tracy Grunig, UNTS, Chief Audit Executive

##### *Proposed Methodology for Tracking Responses to External Agency Audit Recommendations*

- Tracy Grunig, UNTS, Chief Audit Executive

##### *Draft Fiscal Year 2017 Annual Internal Audit Plan*

- Tracy Grunig, UNTS, Chief Audit Executive

**5:00 p.m. Adjourn**



# Presentation to the Audit Committee of the Board of Regents - 2015 Audit Update

University of North Texas System ("System")

July 6, 2016

**Attendees:**

Ben Kohnle – Partner

Juliet Williams – Experienced Manager

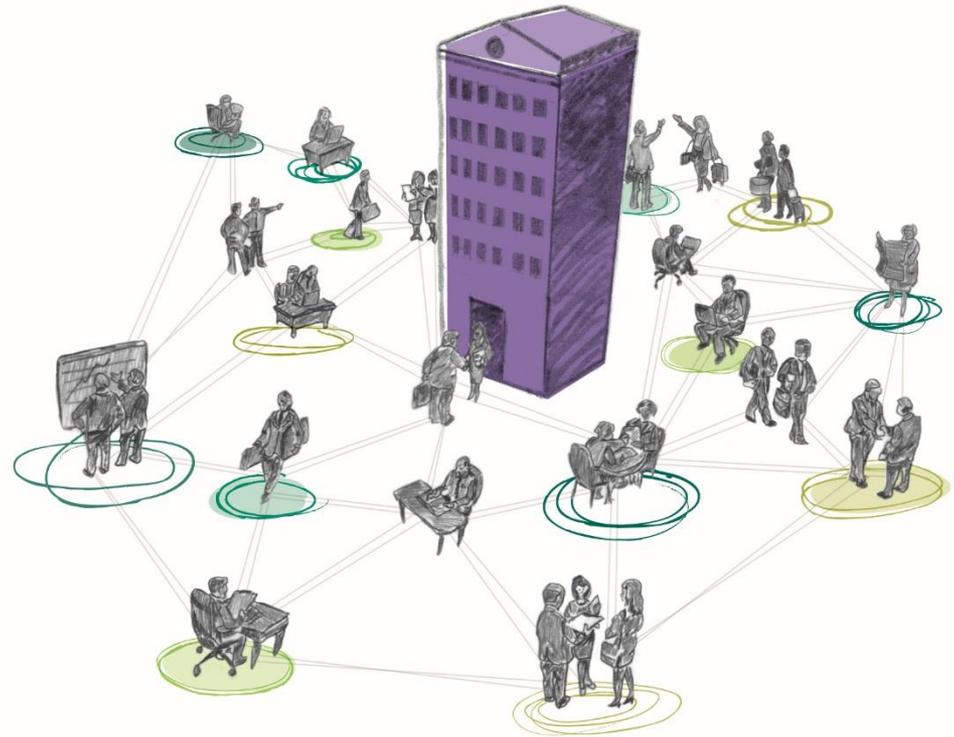


# Our values are CLEARR

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- Unite through global **Collaboration**
- Demonstrate **Leadership** in all we do
- Promote a consistent culture of **Excellence**
- Act with **Agility**
- Ensure deep **Respect** for people
- Take **Responsibility** for our actions

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.



# Our responsibilities

We are responsible for:

- Performing an audit of the System's financial statements as prepared by management, conducted under US GAAS and *Government Auditing Standards*
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Reading other information and considering whether it is materially inconsistent with the financial statements
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose

Responsibilities for other information in documents containing audited financial statements:

- Read the other information (we do not corroborate it)
- Consider whether it is materially inconsistent with the financial statements
- Call to management's attention identified material inconsistencies or misstatements of fact, if any

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter.

# Those Charged with Governance and Management responsibilities

## Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the System's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
  - Objectives and strategies and related business risks that may result in material misstatement
  - Matters warranting particular audit attention
  - Significant communications with regulators
  - Matters related to the effectiveness of internal control and your related oversight responsibilities
  - Your views regarding our current communications and your actions regarding previous communications

## Management

Management is responsible for:

- Preparing and fairly presenting the financial statements in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with certain written representations

# Materiality

Essentially, materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is based on a relevant financial statement benchmark.

- We believe that **total assets** is the appropriate benchmark for the System.

Financial statement items greater than materiality are in scope. Other areas less than materiality may be in scope if qualitative factors are present (for example, related party relationships or transactions and fraud risk).



# Use of the work of others

## Specialists

The audit team utilized an actuary within our Compensation and Benefits Consulting Practice to review the work of actuaries used by the System.

## Subcontractors

Additionally, the audit team received direct assistance from two independent subcontractors during our audit testing, Serna & Company, P.C. and Gradient Solutions. This work was reviewed and managed by the Grant Thornton engagement team.

Assistance was provided by Serna & Company in the following areas:

- Testing of identified balances using procedures provided by and reviewed by GT personnel
- Providing comments based on reading of the financial statements and other related reports

Gradient Solutions specializes in the use of computer data acquisition and analysis primarily for governmental entities. Assistance is being provided by Gradient Solutions in the following areas:

- Computer data acquisition and analysis in the areas of payroll, disbursements, vendor and human resources and identifying potential matters that may require further investigation is currently in progress and a summary of results will be communicated to the Audit Committee subsequently.

## Other Auditors

Our auditor's report on the System makes reference to the audit performed by Hankins, Eastup, Deaton, Tonn & Seay for the University of North Texas Foundation, Inc.

# Significant risks and other areas of focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

## Areas of focus

|   |   |
|---|---|
| Cash and cash equivalents                     | Tuition and fee revenue, discounts and allowances |
| Investments and investment return             | Federal, State and Other grant revenue            |
| Accounts receivable and other assets          | Legislative appropriations                        |
| Capital assets, depreciation and amortization | Other revenues                                    |
| Notes, loans and revenue bonds payable        | Operating expenses                                |
| Accounts payable and other liabilities        | Intercomponent Transfers                          |
| Payroll and related liabilities               | Implementation of new accounting standard         |
| Net position classification                   |   |

## Results of Financial Statement Audit

- We anticipate rendering an unmodified 'clean' opinion
- No scope limitations
- Open and effective communication with management
- No unresolved audit issues to date

# Summary of recorded adjustments (\$000s)

| Description | Assets | Liabilities | Net Position |
|-------------|--------|-------------|--------------|
|-------------|--------|-------------|--------------|

A complete list of adjustments/reclassifications will be provided upon completion of the audit

|            |      |      |      |
|------------|------|------|------|
| Net impact | \$ - | \$ - | \$ - |
|------------|------|------|------|



# Internal control matters

## Our responsibility

- Obtain reasonable assurance about whether the financial statements are free of material misstatement
- Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control
- We express no opinion on the effectiveness of internal control
- Control deficiencies that are of a lesser magnitude than a significant deficiency will be communicated to management.

## Definitions

- A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
- A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis.
- A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

# Other Required Communications

## Disagreements with management

We had no disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the System's financial statements or the auditor's report.

## Management's consultations with other accountants

We are not aware of any consultations by management with other accountants regarding accounting or auditing matters.

## Difficulties encountered during the audit

We encountered no significant difficulties, including:

- Significant delays in providing information
- Unnecessarily brief time to complete the audit
- Unavailability of expected information or System personnel
- Restrictions imposed by management
- Extensive unexpected effort to obtain evidence



# Quality of Accounting Practices

## Accounting policies

Accounting principles used by the System are considered appropriate in all material respects.

## Modifications to the auditor's report

We do not expect any modifications to the audit report.

## Accounting estimates

- Valuation of investments
- Contributions receivable
- Allowance for uncollectible accounts, including patient receivables
- Accruals for the self insurance and pension plans based on actuarial assumptions

We performed tests to satisfy ourselves that these amounts were free from material misstatements.

## Work of other auditors

Hankins, Eastup, Deaton, Tonn & Seay, PC, audited the financial statements of University of North Texas Foundations, Inc. (the "Foundation") as of August 31, 2015. The consolidated financial statements that we have been engaged to audit include amounts with respect to the Foundation.

## Disclosures

- We assessed the footnote disclosures and consolidated financial statements for clarity and completeness.
- Footnote disclosures in the financial statements appear overall to be neutral, consistent, and clear.

## Selected pronouncements effective for the year ended August 31, 2016 or subsequent periods

| ASU   | Effective date   | Impact  |
|---|--|---|
| <b>GASB 72</b> , Fair Value Measurement and Application   | Financial reporting periods beginning after June 15, 2015<br><i>(Earlier application is encouraged).</i> | Addresses accounting and financial reporting issues related to fair value measurements., provides guidance for determining a fair value measurement for financial reporting purposes, and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. |
| <b>GASB 75</b> , Accounting and Financial Reporting for Postemployment Benefits Other than Pensions | Fiscal years beginning after June 15, 2017   | Addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government entities.   |

This communication is intended solely for the information and use of management and the Audit Committee of the Board of Regents of the University of North Texas System and is not intended to be and should not be used by anyone other than these specified parties.



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The seal of the University of North Texas System is visible in the background on the left side of the page. It features a central five-pointed star with a lamp of knowledge on a pedestal in front of it. The words "UNIVERSITY OF NORTH TEXAS" are written in a circular path around the star, and "SYSTEM" is written below it.

# Enterprise Audit Report Inventory

Presented by: Tracy C. Grunig  
UNT System Internal Audit

July 6, 2016

# Enterprise Audit Report Inventory

The University of North Texas System Board of Regents requested an inventory of audits across the UNT Enterprise.

Janet Waldron, UNTS Vice Chancellor for Finance, asked component institution chief financial officers to pull together an inventory of audits that covered all areas (financial, research, external agency, etc.).

This inventory has been compiled for your review. It demonstrates the information UNT System Internal Audit has to date. The inventory will be fine-tuned as we discover more.

| Audit Agency                           | Audit Number     | Audit Name  | Entity                                | Key Observations  | Risk     | Recommendations   | Management Response  | Individual Responsible for Implementation  | Expected Implementation Date | Recommendation Status |
|--|------------------|---|---------------------------------------|---|----------|---|--|--|------------------------------|-----------------------|
| UNTHSC Institutional Compliance Office |                  | Safety and Security Audit (conducted by UNTHSC Institutional Compliance Office) | UNTHSC                                | Institutional Compliance (IC) 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 Jordon is the Project Manager. | N/A      | IC 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 scare emergency management exercise will be conducted in the PCC in October, 2016.   | Matthew Moncus, Director, Safety Office  | 10/28/2016                   | Open                  |
| UNT System Internal Audit              | 16-004<br>16-009 | FY 2015 Investment Compliance Audit   | UNT System, UNT, UNT Dallas<br>UNTHSC | 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.  | High     | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul> | 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.  | James Mauldin, Associate Vice Chancellor for Treasury                                      | 8/31/2016                    | Open                  |
| UNT System Internal Audit              | 16-004<br>16-009 | Investment Compliance Audit   | UNT System, UNT, UNT Dallas<br>UNTHSC | 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.   | Moderate | <ul style="list-style-type: none"> <li>Require all applicable staff to be re-educated on the policy.</li> <li>Work with the Office of Compliance to implement a monitoring process to ensure applicable staff completes an annual conflict of interest disclosure form.</li> </ul>  | 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 time frame established by UNTHSC and a process for educating staff about possibly detecting conflicts of interest.  | Debra Willett, UNTHSC Director Financial Planning & Policy Analysis                        | 5/31/2016                    | Open                  |
| UNT System Internal Audit              | 16-004<br>16-009 | FY 2015 Investment Compliance Audit   | UNT System, UNT, UNT Dallas<br>UNTHSC | Reconciliation 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.   | Moderate | <ul style="list-style-type: none"> <li>Establish a process to ensure year-end close is performed on a timely basis.</li> <li>Establish a review process to ensure balances in the quarterly investment reports reconcile to the balances in the general ledger.</li> </ul>  | FY15 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 FY16 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. | Paula Welch, Associate Controller<br>James Mauldin, Associate Vice Chancellor for Treasury | 10/31/2016                   | Open                  |

| Audit Agency              | Audit Number     | Audit Name                            | Entity                                   | Key Observations  | Risk     | Recommendations   | Management Response  | Individual Responsible for Implementation                           | Expected Implementation Date | Recommendation Status |
|---------------------------|------------------|---------------------------------------|--|---|----------|---|--|---|------------------------------|-----------------------|
| UNT System Internal Audit | 16-004<br>16-009 | FY 2015 Investment Compliance Audit   | UNT System,<br>UNT, UNT Dallas<br>UNTHSC | Collateralization Below 102% - UNTHSC - For 11 days in August 2015, collateralization for deposit accounts fell below 102% of deposits.   | Low      | Management should establish and follow procedures to inform the bank of changes in the amount or activity of deposits, that may exceed UNTHSC's collateral value, within a reasonable time before the change occurs.  | Management agrees with the recommendation. Management will add additional steps to the current set of collateralization review procedures to ensure that the bank is notified in a more timely manner before large changes in deposits occur and when collateralization falls below the required amount.   | Barbara Holt, UNTHSC Senior Director Financial Operations           | 3/1/2016                     | Open                  |
| UNT System Internal Audit | 16-004<br>16-009 | FY 2015 Investment Compliance Audit   | UNT System,<br>UNT, UNT Dallas<br>UNTHSC | Annual Review and Adoption of Financial Institutions – UNT System - There was no indication that Board of Regents reviewed and adopted a list of financial institutions for fiscal year 2015.   | Low      | Establish procedures to ensure compliance with System Regulation 08.2000, Section 2005, paragraph 10 or review the System Regulation 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 procedures will be modified to ensure compliance.   | James Mauldin, Associate Vice Chancellor for Treasury               | 11/30/2016                   | Open                  |
| UNT System Internal Audit | 16-004<br>16-009 | FY 2015 Investment Compliance Audit   | UNT System,<br>UNT, UNT Dallas<br>UNTHSC | Outdated Investment Policy – UNTHSC - An outdated 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 insure timely updating of investment policies and maintaining all required investment disclosures on the institution's website.   | Debra Willett, UNTHSC Director Financial Planning & Policy Analysis | 5/1/2016                     | Open                  |
| UNT System Internal Audit | 16-011 HSC       | Joint Admission Medical Program Audit | UNTHSC                                   | Non-Compliance with University Policy - The 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.   | Mike Kennedy, Director of Admissions                                | 12/31/2015                   | Open                  |
| UNT System Internal Audit | 16-011 HSC       | Joint Admission Medical Program Audit | UNTHSC                                   | Lack of Reconciliation 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.  | Mike Kennedy, Director of Admissions                                | 3/1/2016                     | Open                  |
| UNT System Internal Audit | 16-011 HSC       | Joint Admission Medical Program Audit | UNTHSC                                   | 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     | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul> | We are in agreement with the assessment that there is no official tracking of the JAMP Coordinator time and effort (only estimates). 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. | Mike Kennedy, Director of Admissions                                | 3/1/2016                     | Open                  |
| UNT System Internal Audit | 16-011 HSC       | Joint Admission Medical Program Audit | 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.                                    | High     | <ul style="list-style-type: none"> <li>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.</li> <li>Re-educate the JAMP Coordinator on the JAMP Medical Expenditure Guidelines.</li> </ul>  | 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.                | Mike Kennedy, Director of Admissions                                | 12/1/2015                    | Open                  |
| UNT System Internal Audit | 16-011 HSC       | Joint Admission Medical Program Audit | UNTHSC                                   | Inadequate Monitoring of Expenditures - Two expenditures were incorrectly processed resulting in an overpayment of \$1,725.00 from the JAMP fund.   | High     | <ul style="list-style-type: none"> <li>Request repayment from the JAMP Coordinator for the amount over-reimbursed of \$225.00.</li> <li>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.</li> </ul>                                   | The \$225 reimbursement has been repaid 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.   | Mike Kennedy, Director of Admissions                                | 12/1/2015                    | Open                  |
| UNT System Internal Audit | 16-011 HSC       | Joint Admission Medical Program Audit | 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 \$55.00.   | Moderate | <ul style="list-style-type: none"> <li>Require all personnel entering and approving time and labor to be re-educated on the Hourly Payroll Guidelines.</li> <li>Implement a process to reconcile time entered in EIS Time and Labor to the employee's timecard prior to the payroll cut-off date.</li> </ul>  | We are in agreement with this assessment. All staff who are in 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.  | Mike Kennedy, Director of Admissions                                | 3/1/2016                     | Open                  |
| UNT System Internal Audit | 16-011 HSC       | Joint Admission Medical Program Audit | UNTHSC                                   | Non-Compliance with Purchasing Card (P-Card) Guidelines – Pcard Guidelines were not always followed.  | Moderate | <ul style="list-style-type: none"> <li>Require all current P-Card holders, reconcilers and approvers to be retrained on P-Card policies and procedures.</li> <li>Follow University Business Service P-Card Guidelines.</li> </ul>   | 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 decrease risk for noncompliance.  | Mike Kennedy, Director of Admissions                                | 1/1/2016                     | Open                  |

| Audit Agency              | Audit Number | Audit Name                            | Entity     | Key Observations  | Risk     | Recommendations  | Management Response  | Individual Responsible for Implementation                   | Expected Implementation Date | Recommendation Status |
|---------------------------|--------------|---------------------------------------|------------|---|----------|--|--|---|------------------------------|-----------------------|
| UNT System Internal Audit | 16-011 HSC   | Joint Admission Medical Program Audit | UNTHSC     | Inappropriately Billing Expenditures to Incorrect Fiscal Years - Testing identified two expenditures that they were not processed within the appropriate fiscal year.   | Moderate | Re-educate the JAMP Coordinator on the JAMP Expenditure Report process and monitor until sustained compliance is achieved.   | We are in agreement with this assessment. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP 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.  | Mike Kennedy, Director of Admissions                        | 12/1/2015                    | Open                  |
| UNT System Internal Audit | 16-011 HSC   | Joint Admission Medical Program Audit | UNTHSC     | Untimely Replenishment of Petty Cash - An amount of \$20.47 spent from the JAMP Petty Cash Fund was not replenished in order to be reflected on the Accounting System and the Expenditure Report.   | Low      | Modify HSC Petty Cash Fund Procedures to enforce the requirement for custodians to replenish the petty cash on a monthly basis, at a minimum, and communicate the updated procedures to all appropriate personnel.   | We concur.   | Paula J. Welch, Associate Controller                        | 1/31/2016                    | Open                  |
| UNT System Internal Audit | 16-011 HSC   | Joint Admission Medical Program Audit | UNTHSC     | Inadequate Support Documentation - Adequate support documentation of attendees were not kept (i.e. missing, not used or not sufficient to support the expenditure) for 12 of 31 (39%) expenditures reviewed related to JAMP activities.   | Low      | Maintain adequate support for JAMP activities to help ensure that fund is expended for the direct support of JAMP participants.  | We are in agreement with this assessment. The Director of Admissions will require all JAMP funded activities maintain a log of participants.   | Mike Kennedy, Director of Admissions                        | 12/1/2015                    | Open                  |
| UNT System Internal Audit | 16-011 HSC   | Joint Admission Medical Program Audit | UNTHSC     | Untimely Return of Unspent FY 2014 Funds - An amount of \$361.91 of unspent FY 2014 funds was returned untimely to the JAMP Council. The check was issued on December 2, 2014 to refund unspent FY 2014 funds.  | Low      | Develop a procedure to help ensure that any unspent JAMP funds are returned to the JAMP Council in a timely manner in accordance with JAMP Medical Expenditure Guidelines.   | We are in agreement with this assessment. We will establish an internal deadline prior to September 30 for reimbursement for unused funds. This is predicated that the Office of Grants and Contract Management is able to provide timely financial data.  | Mike Kennedy, Director of Admissions                        | 3/1/2016                     | Open                  |
| UNT System Internal Audit | 16-011 HSC   | Joint Admission Medical Program Audit | UNTHSC     | Non-Compliance with Travel Guidelines - Untimely Submission of Travel Vouchers - Travel Guidelines were not always followed.  | Low      | <ul style="list-style-type: none"> <li>Provide training to faculty and staff on travel policies to help ensure that University Travel Guidelines are followed.</li> <li>Develop procedures to help ensure travel vouchers are submitted timely to the Business Support Services Travel department.</li> </ul>  | We are in agreement with this assessment. All staff who work with JAMP travel funding will undergo training from BSC. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP 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.  | Mike Kennedy, Director of Admissions                        | 3/1/2016                     | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit         | UNT Dallas | 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.   | High     | <ul style="list-style-type: none"> <li>Develop procedures to help ensure that all personally identifiable information (PII) is appropriately protected against inappropriate access and use in compliance with applicable laws and regulations.</li> <li>Review applicable retention policy and statute limitation in regards to identifying if these documents can be destroyed.</li> </ul>   | 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 Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Certain key PII information included in the referenced binder has been imaged and the actual binder has been secured in a locked cabinet. In addition, the waiver documentation and review process requiring the need for this PII information has been transferred out of the UNT Dallas cashier's area and into the UNTS Student Accounting team to centrally manage this important operational matter for all campuses. In addition, key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure PII document retention policies are in compliance with applicable state & federal statutes. | Jeane Olson, Director of Financial Service- Student Finance | 11/30/2016                   | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit         | UNT Dallas | UNT System: Cash Control – Deposits - Testing identified that funds are not deposited timely within seven days after received 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. | High     | Develop procedures to help ensure that funds are timely deposited in the institution's bank account in accordance with the statute.  | 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 Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Key team members from UNT System Student Accounting, UNT System Controller's Office, and UNT System Treasury are working with certain 3rd party vendors from the banking and security industries to evaluate the cost / benefit of available improved cash collection technology & armored car service collection procedures.   | Jeane Olson, Director of Financial Service- Student Finance | 11/30/2016                   | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit         | UNT Dallas | UNT System: Inadequate Safeguarding Measures for Payments Received - Safeguarding measures of payments received are not adequate during the collection, receipting, depositing and reconciliation processes.  | High     | <ul style="list-style-type: none"> <li>Re-educate personnel on cash handling procedures.</li> <li>Maintain a receipt logs for pre-numbered receipts and routinely review to help ensure that all receipts are accounted for.</li> <li>Ensure staff do not perform incompatible duties in the cashiering area, re-evaluate system access rights accordingly and develop compensating controls where not possible.</li> <li>Work with the College of Law to identify all areas collecting cash/checks and establish departmental cash controls to help ensure proper segregation of duties are in place in all areas.</li> </ul> | 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 Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less).   | Jeane Olson, Director of Financial Service- Student Finance | 11/30/2016                   | Open                  |

| Audit Agency              | Audit Number | Audit Name                    | Entity     | Key Observations  | Risk     | Recommendations   | Management Response  | Individual Responsible for Implementation  | Expected Implementation Date | Recommendation Status |
|---------------------------|--------------|-------------------------------|------------|---|----------|---|--|--|------------------------------|-----------------------|
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | 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.  | High     | Develop departmental procedures to help ensure that safe combination is changed periodically and always when there is employee turnover or reassignment in accordance with UNT Cash Control and Departmental Deposit Handbook.  | <p>UNT System Student Accounting and UNT System Controller's Office: 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 Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. The safe combination at UNT Dallas main campus has been recently changed and new procedures will be put in place to change the safe combination immediately upon key employee turnover or reassignment and on a semi-annual basis at minimum. Due to mechanical limitations preventing the staff's ability to change the existing safe combination located at the UNT Dallas College of Law campus, a new safe will be purchased immediately and procedures (consistent with UNT Dallas main campus) will be put in place to change the safe combination immediately upon key employee turnover or reassignment and on a semi-annual basis at a minimum. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less).</p> <p>UNT Dallas College of Law: The College of Law is meeting with key members from UNT System Student Accounting and University Cashiering to review cash handling policies. Since the College of Law discovered that the safe combination cannot be changed, the College will consult with UNT System Student Accounting and University Cashiering for safe purchase options that meet current university policy standards.</p> | <p>Jeane Olson, Director of Financial Service- Student Finance</p> <p>Reynaldo Valencia, College of Law Associate Dean for Finance and Administration and Professor of Law</p> | 11/30/2016                   | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | 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.  | High     | <ul style="list-style-type: none"> <li>Work with University Student Accounting and University Cashiering Services to assist you in establishing departmental cash controls and depositing any cash on hand.</li> <li>Submit a justification to the University Purchasing Services Division to establish a cash fund.</li> </ul> | <p>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 System in downtown Dallas. 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 November 30, 2016 (six months or less).</p>  | <p>Cynthia Hall, External Relations Director</p> <p>Jeane Olson, Director of Financial Services - Student Finance</p>  | 11/30/2016                   | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | 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.  | Moderate | Establish a change fund at UNT Dallas and update the website to not require students to pay the exact amount.   | <p>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 Dallas main campus. The campus has always maintained a desired goal of being a "cash-less" campus (where possible) in order to limit the potential fraud and safety risk inherent with this form of payment. Students are encouraged to pay with check online or at the cashier window and with credit card via online. However, given the greater goal to offer UNT Dallas students the highest quality, student-centered billing and payment services available on campus, key team members from UNT System Student Accounting and UNT System Controller's Office will evaluate and implement an acceptable change fund process at UNT Dallas that adequately serves the needs of the students while still limiting unnecessary risk associated with on-site cash handling procedures.</p>   | <p>Jeane Olson, Director of Financial Services - Student Finance</p>   | 11/30/2016                   | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | <p>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:</p> <ul style="list-style-type: none"> <li>4 out of 25 cameras (16%) were not working properly and no video images were available at the time of review</li> <li>cameras were not identifiable by a location</li> <li>record retention protocols were not established</li> <li>cameras over cashiering were not appropriately positioned to ensure full coverage</li> <li>cameras and panic buttons were not being tested; therefore, we were unsure whether or not they are actually functioning.</li> </ul> | High     | <ul style="list-style-type: none"> <li>Test all cameras and panic buttons currently in place.</li> <li>Repair / replace / reposition nonfunctioning devices.</li> <li>Develop a process to periodically test all cameras and panic buttons.</li> </ul>  | <p>UNT Dallas has begun work on a comprehensive building security technology project as recommended by Internal Audit. The project includes an overhaul of the campus' current security alarm, access, and camera systems. Additionally the campus will implement an emergency notification system including laptop/desktop computer panic buttons in specified locations.</p> <p>The two cameras in the Student Finance cash handling area have been re-positioned as requested. The remainder of the project will be implemented in stages as soon as vendors and funding are approved.</p>  | <p>Cliff Jaynes, Chief of Police</p>   | 3/1/2017                     | Open                  |

| Audit Agency              | Audit Number | Audit Name                    | Entity     | Key Observations  | Risk     | Recommendations   | Management Response   | Individual Responsible for Implementation  | Expected Implementation Date           | Recommendation Status |
|---------------------------|--------------|-------------------------------|------------|---|----------|---|---|--|--|-----------------------|
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | 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.  | High     | <ul style="list-style-type: none"> <li>Develop procedures to help ensure that all application fee and orientation fee revenues collected are reconciled on a regular basis to the University Accounting System.</li> <li>Identify any application and orientation fees recorded in the incorrect account and work with Accounting to make any necessary adjusting entries for FY 2016.</li> </ul> | VP of Student Access and Success will work with the Director of Undergraduate Admissions and the Director of Graduate Admissions to document procedures that ensure application and orientation fee payments are reconciled to match payments with postings of the revenue in the proper accounts. VP and Directors will also work together with Student Finance to correct any inaccurate postings for FY16.   | Stephanie Holley, Vice President of Student Access and Success   | 2/1/2017                               | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | 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 Association were also working as Student Assistants for the Office of Student Affairs.  | High     | 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.   | 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.  | Jamaica Chapple, Dean of Student Affairs   | 8/22/2016                              | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | UNT Dallas: Academic Catalogs- 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.  | Moderate | <ul style="list-style-type: none"> <li>Update the University Catalogs to include accurate tuition and fee information.</li> <li>Develop departmental procedures to help ensure that published University Catalogs reflect current tuition and fee information in compliance with University Board of Regents Rules.</li> </ul>  | VP of Student Access and Success will work with Office of the Registrar to implement a thorough catalog review and revision process to be conducted by each department, even when department information is listed in another department's section, not owned by that division/department. Catalog will be updated to cover current, complete and accurate information.   | Stephanie Holley, Vice President of Student Access and Success   | 2/1/2017                               | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | UNT Dallas: Apply Texas Billing and Refunds - During our review of graduate application fee credit card payments submitted through ApplyTexas, we noted that applicants were inconsistently charged from February 2014 to September 2015 for graduate application fees.   | Moderate | <ul style="list-style-type: none"> <li>Work with ApplyTexas to identify the reason for the rate discrepancy between fall and spring semesters.</li> <li>Identify and refund any applicants that have been overcharged.</li> </ul>   | VP of Student Access and Success will work with the Director of Graduate Admissions to request that ApplyTexas identify why inaccurate charging was applied inconsistently to applicants during fall and spring semesters. VP and Directors will also work together with ApplyTexas to identify students improperly charged and refund any overcharges.   | Stephanie Holley, Vice President of Student Access and Success   | 2/1/2017                               | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | 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. | Moderate | <ul style="list-style-type: none"> <li>Work with Student Accounting and University Cashiering to update Nelnet to \$50.00.</li> <li>Identify and refund all students that have overpaid since Summer 2014.</li> </ul>   | VP of Student Access and Success will work with the 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.  | Stephanie Holley, Vice President of Student Access and Success   | 2/1/2017                               | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | UNT Dallas: Student Services 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 assist in evaluating if current rate/amount is sufficient to cover the cost of student services.   | Moderate | The Student Service Fee Advisory Committee should expand their processes to include the study of Student Services Fee amount. This will allow stakeholders to perform a student services fee assessment based on feasibility/cost analysis and submit request/propose fee increases with justifications to be study and approved by the SSFAC.  | The Student Service Fee Advisory Committee will identify an individual to conduct a needs assessment. A Needs Assessment Survey will be developed and distributed to all students to identify areas of increased need of student service fee funds. Based on the survey data collected the SSFAC will conduct a cost analysis to address feasibility. Based on the results of the analysis and survey data the SSFAC will develop a report so as to address the increase of fees which will be substantiated by the cost analysis and results from the needs assessment survey. | Jamaica Chapple, Dean of Student Affairs   | 4/30/2017                              | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | UNT Dallas: Instructional Fee Assessment Process -There is not an instructional fee assessment process in place to allow colleges/schools to request a review of new fees or changes to existing fees.  | Moderate | Develop procedures and detailed guidelines to help ensure that colleges/schools could request the establishment of new instructional fees or changes to existing instructional fees for review and approval before presented to the President.  | The UNT Dallas Instructional Fees policy was drafted and submitted to the Office of General Counsel for review and approval.  | Glenda Balas, UNT Dallas Interim Provost and Senior Vice President for Academic Excellence and Student Success | June 6, 2016 (action plan implemented) | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | UNT Dallas: Student Tuition and Fees Policy - During our review, we noted that UNT Dallas has not adopted policies on 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 | 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        | 3/28/2016 (action plan implemented)    | Open                  |

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|---------------------------|--------------|-------------------------------|------------|---|----------|--|--|---|------------------------------|-----------------------|
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | 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 | <ul style="list-style-type: none"> <li>Update the accounts in University Accounting System to roll forward at the end of each fiscal year.</li> <li>Establish an annual requirement for accountholders to provide a formal justifications or action plans for accumulated unexpended balances over an established threshold.</li> </ul>  | <p>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.</p> <p>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.</p>  | April Barnes, Assistant Vice President of Budgeting and Planning  | 7/31/2016                    | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | <p>UNT Dallas: 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 representative 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.</p> <p>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.</p> | Moderate | <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul> | <p>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</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>   | Jamaica Chapple, Dean of Student Affairs  | 8/22/2016                    | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit | UNT Dallas | UNT Dallas: Incidental Fee Approval Documentation - The application fees for undergraduate and graduate students changed from \$60.00 to \$40.00 and \$60.00 to \$50.00, respectively, and a \$30.00 late application fee was no longer assessed for any applications submitted since Summer 2014. 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.  | Moderate | Develop procedures to help to ensure appropriate approval processes are in place when there are changes in fees and support documentation is retained.   | <p>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:</p> <ul style="list-style-type: none"> <li>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.</li> <li>A proposed policy regarding incidental fees shall be submitted for your approval within the next 60 days and implemented by February 2017.</li> <li>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 and 2012 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.</li> <li>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 College of Law. We are aware of three incidental fees being assessed outside of Student Financial Services, they include: application fee (undergraduate/graduate) and placement testing. Placement testing is offered to UNT Dallas students as well as members of the community, therefore we cannot enforce payment of the fee through Student Financial Services. Individuals may pay for placement testing online or with check to be submitted.</li> <li>At the UNT Dallas Cashier Window. Additionally, there are multiple ways for individuals to pay undergraduate/graduate application fee, including Apply Texas, thus this incidental fee cannot be paid exclusively through Student Financial Services.</li> <li>It is recommended that the UNT Dallas President establish a Standing Committee to review and assess ALL fees annually. Each year the committee shall complete a review of fees and amounts assessed. A needs analysis shall be completed for each fee to confirm appropriate amounts are being assessed. The committee shall submit a report to the UNT Dallas President no later than February 1st of each year that includes: increase/decrease to current fees</li> </ul> | Daniel Edelman, Chief Financial Officer and the Executive Vice President for Finance and Administration | 2/28/2017                    | Open                  |

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|---------------------------|--------------|---|------------|--|----------|--|--|--|------------------------------|-----------------------|
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit   | UNT Dallas | <p>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.</p> <p>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.</p> | Moderate | <ul style="list-style-type: none"> <li>Plan/Determine what the student services fees will be utilized for.</li> <li>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.</li> <li>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.</li> </ul> | <p>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.</p> <ul style="list-style-type: none"> <li>We will work with the SBA and student organizations on their budget proposal deadlines each semester.</li> <li>While we will expend all Student Services Fees each year, we will notify students that some events may require a minimal participation fee.</li> <li>No additional funds will be commingled with student services fees. Funds collected will have appropriate segregation of duties when receiving, processing, and depositing money.</li> <li>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 sign/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.</li> </ul> | Rebecca Greenan, College of Law - Assistant Dean of Students   | 5/31/2017                    | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit   | UNT Dallas | <p>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 .</p>   | Moderate | <p>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.</p>  | <p>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.</p>  | Valerie James, College of Law Assistant Dean of Admissions and Scholarships                          | 9/1/2016                     | Open                  |
| UNT System Internal Audit | 16-024 DAL   | UNT Dallas Student Fees Audit   | UNT Dallas | <p>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.</p>  | Moderate | <p>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.</p>   | <p>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>.</p>   | Reynaldo Valencia, College of Law Associate Dean for Finance and Administration and Professor of Law | 8/15/2016                    | Open                  |
| Grant Thornton            |              | Cancer Prevention and Research Institute of Texas (CPRIT) program Report on Compliance for Cancer Prevention & Research Institute of Texas Financial Assistance Program | UNT System | <p>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.</p>   | N/A      | <p>We recommend that the University maintain supporting documentation in accordance with record retention guidelines to evidence that funds were properly expended relative to all CPRIT grants. We also recommend that the University work with the grantor agency to resolve expended funds that could not be substantiated.</p>   | <p>Management agrees with the recommendation and will work with the Principal Investigators (PIs) and department administrators with CPRIT awards to review procedures for tracking and retaining appropriate documentation for participant incentive expenditures.</p>  |  |                              | Open                  |
| Grant Thornton            |              | Cancer Prevention and Research Institute of Texas (CPRIT) program Report on Compliance for Cancer Prevention & Research Institute of Texas Financial Assistance Program | UNT System | <p>As a result of our audit, we noted that the University was reimbursed for one travel related expenditure, in which the travel did not occur, out of the twenty-five expenditures judgmentally selected for testing. The University did not subsequently reimburse CPRIT for the expenditure.</p>  | N/A      | <p>We recommend that the University implement controls that will identify all grant related travel credits so that they may be applied to the grant department. Any credits should be refunded in the financial status report.</p>   | <p>BSC identified this problem and has changed the procedure to ensure payments are only made against actual receipts on rental vehicles. The Office of Grant and Contract Management is in the process of requesting a refund check to send to CPRIT.</p>   |  |                              | Open                  |

| Audit Agency                         | Audit Number | Audit Name  | Entity                    | Key Observations  | Risk | Recommendations  | Management Response   | Individual Responsible for Implementation             | Expected Implementation Date | Recommendation Status  |
|--------------------------------------|--------------|---|---------------------------|---|------|--|---|---|------------------------------|--|
| Grant Thornton                       |              | Cancer Prevention and Research Institute of Texas (CPRIT) program Report on Compliance for Cancer Prevention & Research Institute of Texas Financial Assistance Program | UNT System                | As a result of our audit, we noted that one employee listed on the FY 2014 Time and Effort Report was not included in the Personnel Level of Effort in the approved budget. Additionally, we noted two Research Assistants were not included in the approved Personnel Level of Effort budget.  | N/A  | We recommend that the University review their policies and procedures to inform CPRIT of any changes made in personnel to the original approved grant budget. All employees who dedicate time to the project should either be included in the Personnel Level of Effort section of the approved grant budget or communicated to and approved by CPRIT. | Management agrees with the recommendation and will work with the PIs and department administrators to review procedures for managing the Personnel Level of Effort budget.  |   |                              | Open   |
| Texas Comptroller of Public Accounts | 769-15-01    | Post-Payment Audit  | UNT System Administration | Payroll transactions and payroll deductions: Incorrect longevity payment amount.  | N/A  | The System should verify months of service data for its employees and enhance its internal controls to prevent incorrect longevity payment amounts.<br><br>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.<br><br>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.<br><br>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.<br><br>The overpayment amounts identified during the audit were collected from the employees. | Luis Lewin, Associate Vice Chancellor Human Resources | 9/1/2016                     | Open   |
| State Office of Risk Management      |              | On-Site Consultation  | UNTHSC                    | 15-04-01 Safety: Chemical Safety: Respiratory Protection Program - During the consultation, SORM noted that according to their Safety Data Sheets, chemicals being used on campus have been assigned OSHA Permissible Exposure Limits and/or ACGIH Threshold Limit Values. However, no testing has been conducted to determine the level of the employees' exposure to these hazards. | N/A  | SORM recommends that UNTHSC measure the levels that the employees are exposed to. Based on the results of the testing, an OSHA-compliant respiratory protection program may need to be implemented.  | We will partner with our School of Public Health to perform exposure assessments on employees.  | Matthew Moncus, Director, Safety Office               | 9/30/2015                    | Open as of 11/17/15 SORM report. All SORM recommendations are open until the next SORM visit, in November, 2016. |

| Auditors                     | Audit Number | Audit Name   | Entity | Audit Status | Expected Completion | Audit Scope |
|------------------------------|--------------|--|--------|--------------|---------------------|-------------|
| THECB                        | GF4214       | Teacher Quality Award (State) Desk review (Office of Grant and Contract Administration)    | UNT    | In progress  |                     |             |
| Internal Audit               | GF1697       | NSF (Federal) financial and compliance audit (Office of Grant and Contract Administration) | UNT    | In progress  |                     |             |
| BKD, LLP                     | GS5184       | CPRIT (State) financial and compliance audit (Office of Grant and Contract Administration) | UNT    | In progress  |                     |             |
| Texas Veterans Commission    |              | Texas Veterans Commission Audit (Division of Enrollment)                                   | UNT    | Anticipated  |                     |             |
| Texas State Auditor's Office | A-133        | Statewide Single Audit (Student Financial Assistance portion) (Division of Enrollment)     | UNT    | In progress  |                     |             |

| Auditors  | Audit Number | Audit Name  | Entity | Audit Status | Expected Completion   | Audit Scope |
|---|--------------|---|--------|--------------|---|-------------|
| IACLEA  |              | IACLEA Accreditation Review (Police Department)   | UNTHSC | In progress  |   |             |
| Student Affairs/Police Department/ DOE  |              | CLEARY Compliance (Police Department)   | UNTHSC | In progress  |   |             |
| BKD, LLP  |              | Cancer Prevention and Research Institute of Texas (CPRIT) (Office of Grant and Contract Management) | UNTHSC | In progress  |   |             |
| Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) |              | Compliance Certification for the Fifth Year Interim Report  | UNTHSC | In progress  | Report submitted 3/15/2016<br><br>Review by SACSCOC Committee June 2016 |             |

| Auditors   | Audit Number          | Audit Name   | Entity | Audit Status                                 | Expected Completion            | Audit Scope   |
|--|-----------------------|--|--------|--|--------------------------------|---|
| Accreditation Council for Pharmacy Education   |                       | The Evaluation Team Report of the Professional Program Leading to the Doctor of Pharmacy Degree Continuation of Candidate Status | UNTHSC | In progress                                  | Report submitted in March 2016 |   |
| American Academy of Sleep Medicine (AASM)  |                       | Accreditation of sleep lab   | UNTHSC | Anticipated                                  |                                |   |
| ICANL  |                       | Accreditation of nuclear lab   | UNTHSC | Anticipated                                  |                                |   |
| ANSI-ASQ National Accreditation Board (ANAB)   |                       | Accreditation of UNT Center for Human Identification Forensic DNA Laboratory   | UNTHSC | Planned                                      |                                |   |
| Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC) | UNTHSC; 138980111.3.8 | Verification of Patient Enrollment Milestone Achievement; 1115 Waiver  | UNTHSC | Awaiting Response From Myers and Stauffer LC | FY 2016                        | Verify Patient Outcome Baseline Data - Project #138980111.3.8 |

| Auditors   | Audit Number               | Audit Name  | Entity | Audit Status   | Expected Completion | Audit Scope  |
|--|----------------------------|---|--------|--|---------------------|--|
| Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC) | UNTHSC;<br>138980111.2.6   | Verification of Patient Enrollment Milestone Achievement; 1115 Waiver | UNTHSC | In process of responding to specific data request received on 6/10/16 from Myers and Stauffer LC | FY 2017             | Verify that 3600 patient encounters were performed between 10/1/2014 - 9/30/2015 - Project# 138980111.2.6    |
| Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC) | UNTHSC:<br>138980111.2.100 | Verification of Patient Enrollment Milestone Achievement; 1115 Waiver | UNTHSC | In process of responding to specific data request received on 6/10/16 from Myers and Stauffer LC | FY 2017             | Verify that 120 patients received services between 10/1/2014 and 9/30/2015 - Project# 138980111.2.100        |
| Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC) | UNTHSC:<br>138980111.2.100 | Verification of Patient Enrollment Milestone Achievement; 1115 Waiver | UNTHSC | In process of responding to specific data request received on 6/10/16 from Myers and Stauffer LC | FY 2017             | Verify that 400 patient encounters were performed between 10/1/2014 and 9/30/2015 - Project# 138980111.2.100 |
| Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC) | UNTHSC:<br>138980111.1.7   | Verification of Patient Enrollment Milestone Achievement; 1115 Waiver | UNTHSC | In process of responding to specific data request received on 6/10/16 from Myers and Stauffer LC | FY 2017             | Verify that 6250 patient encounters were performed between 10/1/2014 and 9/30/2015 - Project# 138980111.1.7  |

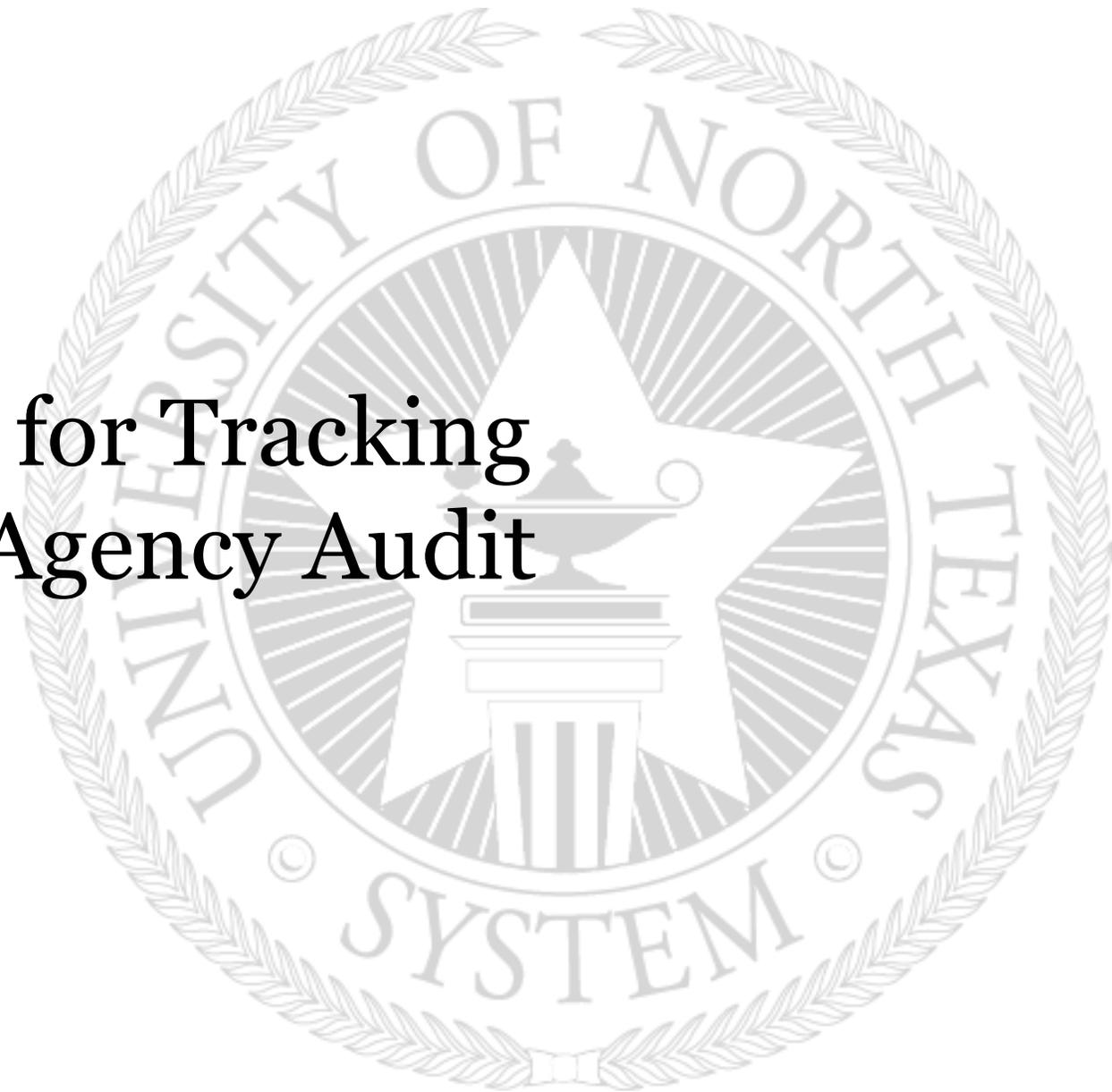
| Auditors   | Audit Number                | Audit Name  | Entity     | Audit Status   | Expected Completion | Audit Scope   |
|--|-----------------------------|---|------------|--|---------------------|---|
| Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC) | UNTHSC: 138980111.1.4       | Verification of Patient Enrollment Milestone Achievement; 1115 Waiver | UNTHSC     | In process of responding to specific data request received on 6/10/16 from Myers and Stauffer LC | FY 2017             | Verify that 1168 patient encounters were performed between 10/1/2014 and 9/30/2015 - Project# 138980111.1.4 |
| Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC) | UNTHSC: 138980111.1.2       | Verification of Patient Enrollment Milestone Achievement; 1115 Waiver | UNTHSC     | In process of responding to specific data request received on 6/10/16 from Myers and Stauffer LC | FY 2017             | Verify that 7000 patient encounters were performed between 10/1/2014 and 9/30/2015 - Project# 138980111.1.2 |
| Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC) | UNTHSC: 138980111.3.208     | Verification of Patient Enrollment Milestone Achievement; 1115 Waiver | UNTHSC     | In process of responding to specific data request received on 6/10/16 from Myers and Stauffer LC | FY 2017             | Verify Patient Outcome Performance Data - Project#138980111.3.208   |
| Internal Audit   |                             | Privacy and Data Protection   | UNT System | In process   | FY 2017             | Audit of Laptop Encryption and Anti-Virus Installation/Deployment   |
| The Institutional Biosafety Committee - Laura Phipps IBC Project Coordinator         | UNTHSC; IRB Protocol Review | IBC Protocol Review   | UNTHSC     | Scheduled  | FY 2016             | Audit of Protocol Development and Microbiome Analysis of North American Ticks                               |

| Auditors                               | Audit Number                          | Audit Name  | Entity | Audit Status | Expected Completion | Audit Scope   |
|--|---------------------------------------|---|--------|--------------|---------------------|---|
| IACUC                                  | UNTHSC; Animal Welfare Inspection     | Animal Welfare Inspection   | UNTHSC | Ongoing      | FY 2016             | Both the Animal Welfare Act and Regulations (AWAR) and the PHS Policy require inspection of animal housing facilities and activity areas at least every 6 months. |
| IRB                                    | UNTHSC; PKU Human Microbiome Protocol | PKU Human Microbiome Protocol   | UNTHSC | In process   | FY 2016             | Audit of PKU Human Microbiome Protocol  |
| CPRIT                                  | UNTHSC; Review of CPRIT Awards        | Review of CPRIT Awards; School of Public Health   | UNTHSC | In process   | FY 2016             | Review of CPRIT Awards; School of Public Health   |
|  |                                       | FY2016 NCAA Agreed-Upon Procedures (Athletics)  | UNT    | Planned      |                     |   |
| Student Affairs/Police Department/ DOE |                                       | CLEARY Compliance (Police Department)   | UNTHSC | Planned      |                     |   |
| THECB                                  | GF40006                               | Teacher Quality Award (State) desk review (Office of Grant and Contract Administration) | UNT    | In progress  |                     |   |

# Proposed Methodology for Tracking Responses to External Agency Audit Recommendations

Presented by: Tracy C. Grunig  
UNT System Internal Audit

July 6, 2016



# External Audits

## Outstanding Recommendations

| Audit  | Risk Level | Recommendation Details   | Management Response   | Months Past Due |
|--|------------|--|---|-----------------|
| <p>Reporting Agency: SAO</p> <p>Report Number: 15-313</p> <p>Report Name: State of Texas Federal Portion of the Statewide Single Audit Report (Division of Enrollment)</p> <p>Component Institution: UNT</p> |            | <p>Include loan fees in COA only for students who receive loans.</p> | <p>Management made changes to include loan fees in the COA budget only for students who receive loans.</p> <p><b>Party Responsible for Implementation:</b><br/>Dena Guzman-Torres and Lacey Thompson</p> <p><b>Planned Implementation Date:</b> August 2014</p> | <p>Complete</p> |

# External Audits

## Outstanding Recommendations

| Audit  | Risk Level | Recommendation Details   | Management Response  | Months Past Due |
|--|------------|--|--|-----------------|
| <p>Reporting Agency: SAO</p> <p>Report Number: 15-313</p> <p>Report Name: State of Texas Federal Portion of the Statewide Single Audit Report (Division of Enrollment)</p> <p>Component Institution: UNT</p> |            | <p>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 policy at least as strict as its academic policy.</p> | <p>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 timeframe. For graduate students, management made changes to the policy to make it at least as strict as UNT's academic policy.</p> <p><b>Party Responsible for Implementation:</b><br/>Dena Guzman-Torres and Lacey Thompson</p> <p><b>Planned Implementation Date:</b> August 2014</p> | <p>Complete</p> |

# External Audits

## Outstanding Recommendations

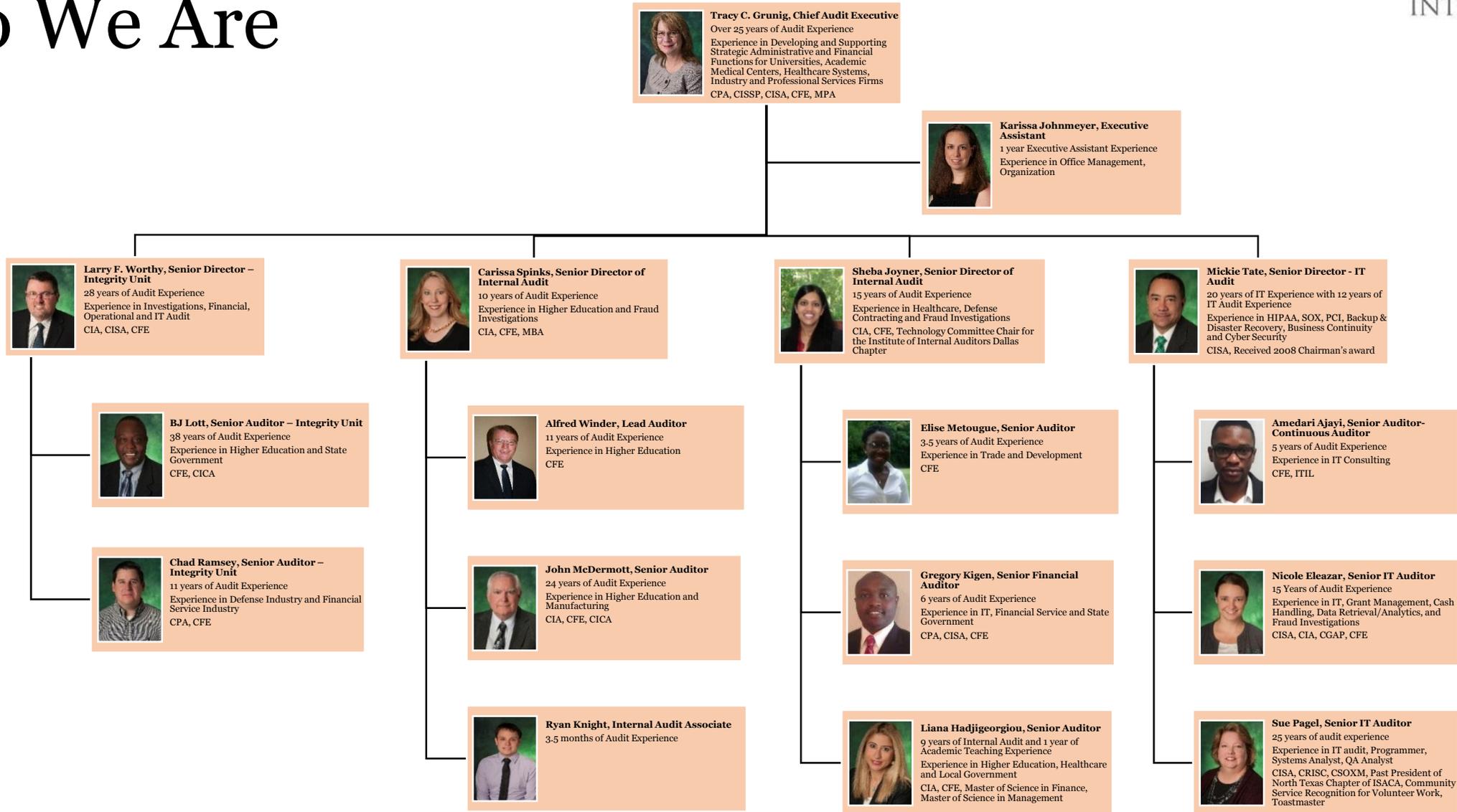
| Audit  | Risk Level | Recommendation Details  | Management Response  | Months Past Due |
|--|------------|---|--|-----------------|
| <p>Reporting Agency: SAO</p> <p>Report Number: 15-313</p> <p>Report Name: State of Texas Federal Portion of the Statewide Single Audit Report (Division of Enrollment)</p> <p>Component Institution: UNT</p> |            | <p>The University should accurately verify all required FAFSA information for students selected for verification and request updated ISIRs when required.</p> | <p>Management made changes to accurately categorize Social Security benefits for students selected for verification. Management corrected the ISIR information for the one student.</p> <p><b>Party Responsible for Implementation:</b><br/>Dena Guzman-Torres and Lacey Thompson</p> <p><b>Planned Implementation Date:</b> December 2014</p> | <p>Complete</p> |

# Draft Fiscal Year 2017 Annual Internal Audit Plan

Presented by: Tracy C. Grunig  
UNT System Internal Audit

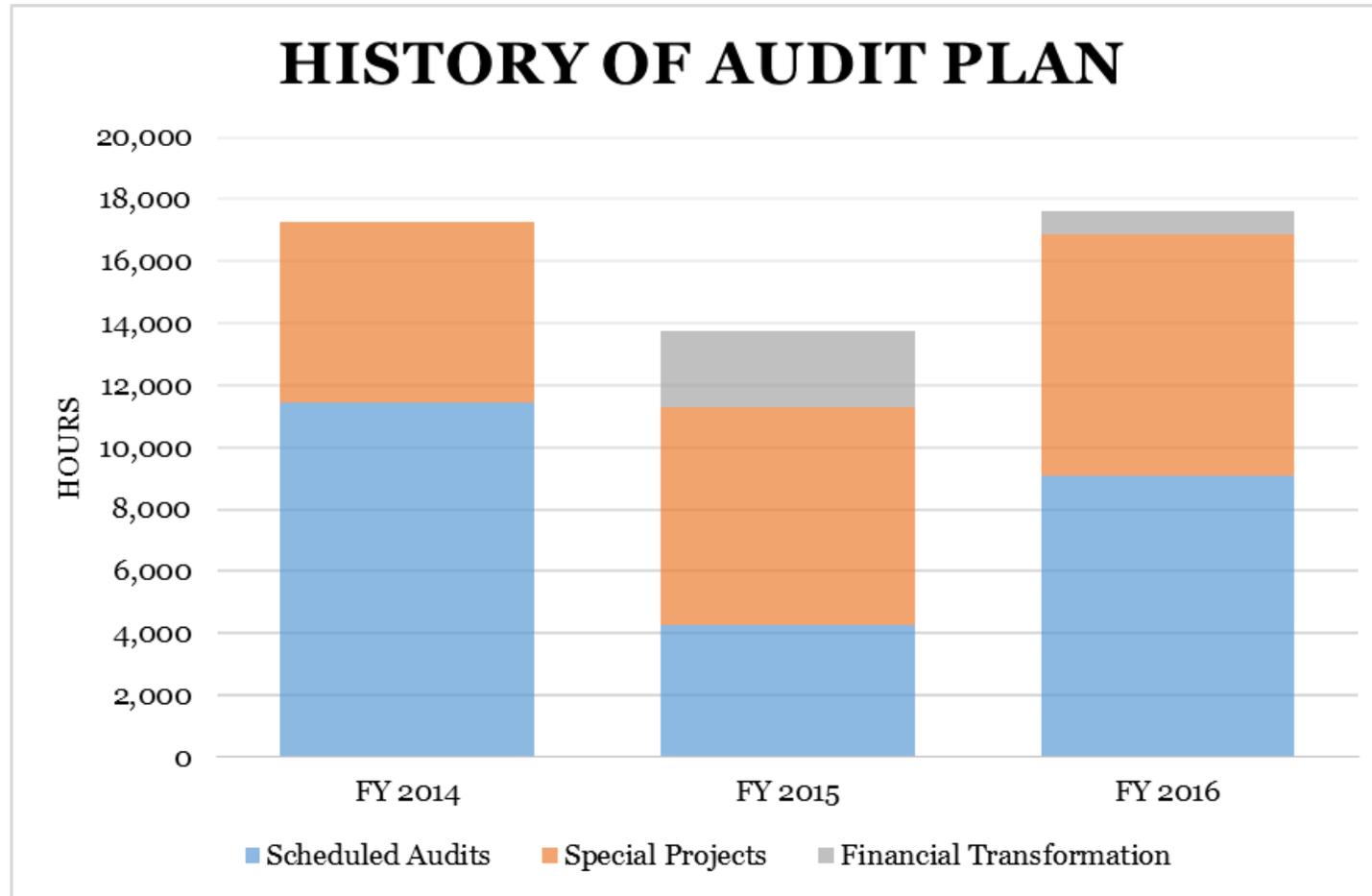
July 6, 2016

# Who We Are



# Annual Work in Recent Years

Note-Commencing in FY 2016, audits that include all component institutions were rolled into one audit report where in prior years all component institutions received a separate audit report.



# 2017 Annual Audit Plan: What's Continuing?

## 24 Specified Audit Projects on the Plan

8 audit projects in the Compliance area are conducted each year

4 audit projects in the Finance area

3 audit projects in the Information Technology area

2 audit projects in the Integrity Unit area

2 audit projects in the Student Safety area

1 audit project in the Academic area

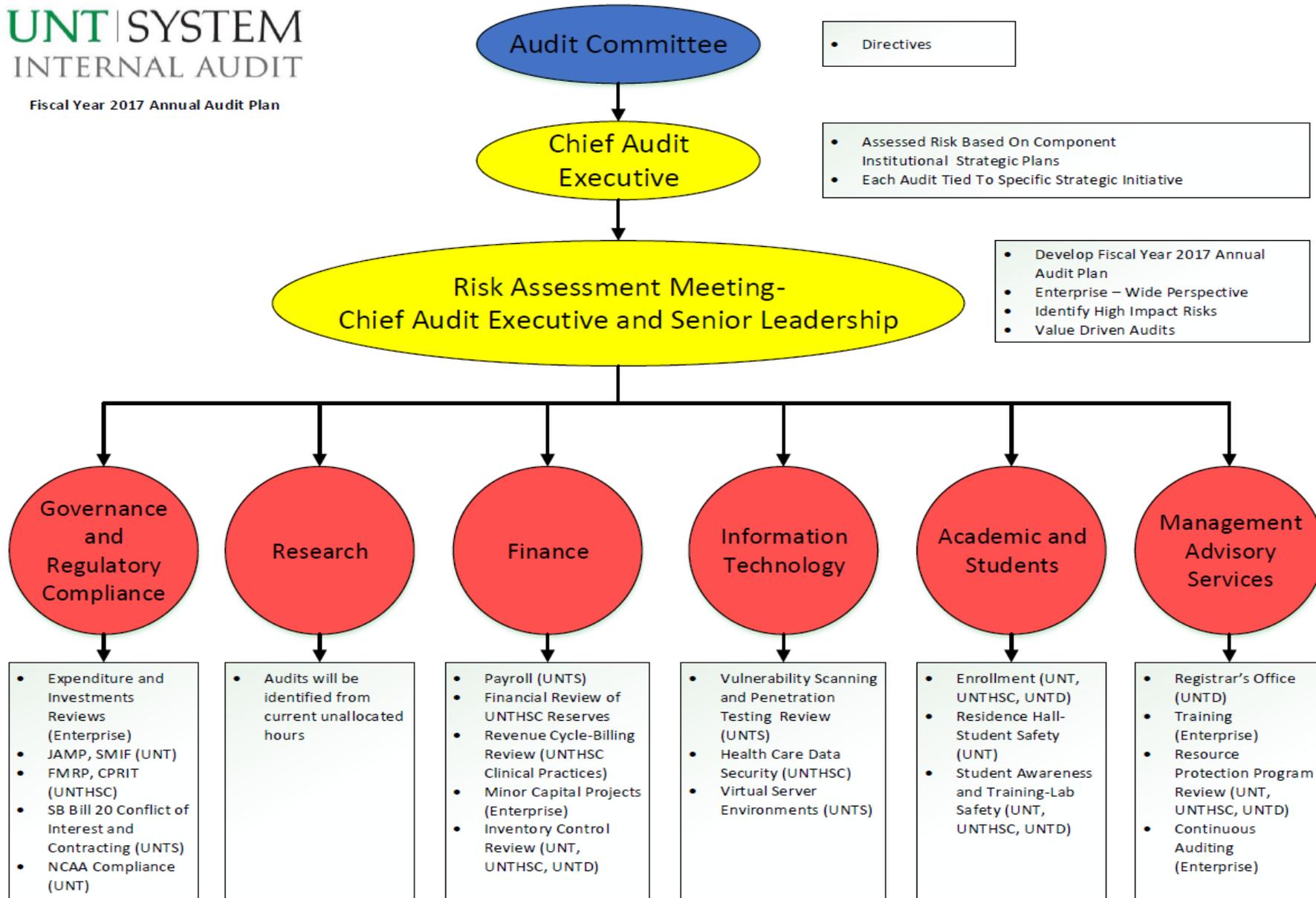
1 audit project in the NCAA Compliance area

3 Management Advisory projects

Additionally, 11,000 hours are reserved for unforeseen projects and investigation support with emphasis in leadership transition reviews, business process reviews, fraud hotline investigations and revenue cycles.

# 2017 Annual Audit Plan: What's Different?

- Procurement and Conflict of Interest: Senate Bill 20 creates new obligations
- Student safety is a priority for all campuses
- Payroll Processing and Reserves are increased priorities in Finance
- Vulnerability Scanning and Health Care Data Security are IT priorities
- Training participation with management for UNT Enterprise
- Overall, 16 new or revised audit projects will involve 5,400 hours of audit work in Fiscal Year 2017



# Draft Fiscal Year 2017 Annual Internal Audit Plan

(pg. 1)

| Source                                   | Functional Area | Title of Audit   | Description and Audit Objectives   | Component Institution |     |        |      | Identified Risk   |
|--|-----------------|--|--|-----------------------|-----|--------|------|---|
|  |                 |  |  | System                | UNT | UNTHSC | UNTD |   |
| REQ-BOARD OF REGENTS                     | COMPLIANCE      | Chancellor's/President's Expenditure Reviews                           | Evaluate whether travel, entertainment, and business expenses are in compliance with System/University policies, employment agreement provisions, state and federal laws as required by employment agreements.   | X                     | X   | X      | X    | Compliance; Reputational; Financial; Operational                      |
| REQ-REGENT RULES AND ENTERPRISE POLICIES | COMPLIANCE      | Investments  | Evaluate controls surrounding the investing activities are effective; as well as adherence with System Regulation 08.2000, UNT System Board of Regents Rule 10.100, and Public Funds Investment Act (PFIA) including State Auditor's Office (SAO) Article III, Rider 5 reporting requirements.                       | X                     | X   | X      | X    | Compliance; Reputational; Financial; Operational                      |
| REQ-REG AGENCY                           | COMPLIANCE      | Student-Managed Investment Fund (SMIF)                                 | Assess compliance with the donor agreement between UNT and Colonel Guy M. Cloud, Jr. related to SMIF.  |                       | X   |        |      | Compliance; Reputational; Financial; Operational                      |
| REQ-REG AGENCY                           | COMPLIANCE      | Joint Admissions Medical Program (JAMP)                                | Determine that the institution is in compliance with JAMP Agreement requirements and JAMP Medical Expenditure Guidelines.  |                       | X   |        |      | Compliance; Reputational; Financial; Operational; Regulatory          |
| REQ-REG AGENCY                           | COMPLIANCE      | THECB Plaza Medical Center Family Medicine Residency Program (FMRP)    | Verify that the institution is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for funding.   |                       |     | X      |      | Compliance; Reputational; Financial; Operational; Regulatory          |
| REQ-REG AGENCY                           | COMPLIANCE      | Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced) | Determine compliance with the CPRIT grant contract, CPRIT administrative rules and applicable statutory requirements, grant budget, terms and conditions of the awards, CPRIT Policies and Procedures Guide and internal policies and procedures. Audit is outsourced since IA cannot render an independent opinion. |                       | X   | X      |      | Compliance; Reputational; Financial; Operational; Regulatory          |
| REQ-REG AGENCY                           | COMPLIANCE      | Senate Bill 20 Conflict of Interest (SB 20)                            | Review the conflict of interest process within contracting as revised within SB 20 regulations.  | X                     |     |        |      | Contract Compliance; Reputational; Financial; Operational; Regulatory |
| REQ-REG AGENCY                           | COMPLIANCE      | Senate Bill 20 Mandated Internal Audit Assessment                      | Internal Audit is required under SB 20 regulations to review contracting process for adherence to requirements on annual basis.  | X                     | X   | X      | X    | Compliance; Reputational; Financial; Operational; Regulatory          |
| MRA                                      | ACADEMIC        | Enrollment Audit   | Assess the enrollment audit reporting process to ensure student attendance is reflected appropriately. This audit will look at aspects of student safety, financial processes and potential student retention and student persistence issues.  |                       | X   | X      | X    | Student Safety; Financial; Operational                                |

**Legend**

MRA  
 IA  
 REQ-Regent Rules and Enterprise Policies  
 REQ-Board of Regents  
 REQ-Reg Agency  
 REQ-IIA Professional Standards

Managements' Risk Assessment Identified  
 Internal Audit Identified  
 Required by Regent Rules and Enterprise Policies  
 Required of Board of Regents  
 Required of Regulatory Agency  
 Required by IIA Professional Standards

# Draft Fiscal Year 2017 Annual Internal Audit Plan

(pg. 2)

| Source | Functional Area        | Title of Audit                                      | Description and Audit Objectives  | Component Institution |     |        |      | Identified Risk  |
|--------|------------------------|---|---|-----------------------|-----|--------|------|--|
|        |                        |   |   | System                | UNT | UNTHSC | UNTD |  |
| IA     | FINANCE                | Payroll   | Evaluate the adequacy of controls and processes surrounding new hires, terminated hires, ghost employees, salary adjustments, time sheets, and processing/monitoring of general ledger payroll accounts.  | X                     |     |        |      | Financial; Operational   |
| MRA    | FINANCE                | Financial Review of UNTHSC Reserves                 | Verify assets, liabilities, and items held in custody. An evaluation of the adequacy of controls throughout the institution and of compliance with prescribed procedures also is performed.   |                       |     | X      |      | Financial; Operational; Reputational   |
| MRA    | FINANCE                | Revenue Cycle – Billing Process (Clinical Practice) | Determine the adequacy of controls and processes to ensure complete, accurate, and timely claims to payors and in compliance with contract and regulatory requirements.   |                       |     | X      |      | Financial; Operational; Reputational   |
| IA     | FINANCE                | Minor Capital Projects                              | Evaluate the adequacy of controls and processes surrounding minor capital projects to ensure the funds are expended appropriately, projects are financed adequately and completed timely.   | X                     | X   | X      | X    | Financial; Operational; Contract Compliance; Economical and Efficient Use of Resources   |
| IA     | INFORMATION TECHNOLOGY | Vulnerability Scanning & Penetration Testing Review | Ensure network, operating system, web application, and network access vulnerabilities are tested using best practices from NIST, CIS, SANS and OWASP top 10. Determine if scanning detects vulnerabilities that could lead to attacks such as denial of service, man-in-the-middle, password hacking, SQL injection, cross-site scripting and more. Determine if activities are in place to attempt to exploit any identified vulnerabilities and if processes are in place to escalate and remediate identified vulnerabilities. Determine if the vulnerability scanning tool includes scanning for malware that was not detected through anti-virus protection. | X                     |     |        |      | Information Technology Security; IT System Network Authorization and Access; Operational; Compliance with Policies; Reputational |
| MRA    | INFORMATION TECHNOLOGY | Health Care Data Security                           | Verify policies and procedures are in place to support ePHI requirements. Determine the systems or processes that store and/or process ePHI. Verify ePHI data is appropriately secured. Verify Electronic Medical Records (EMR) systems are patched to the most current validated security level. Determine the strength of user access controls to systems containing ePHI data.   |                       |     | X      |      | Information Technology Security; Safeguarding of Assets; Operational; Compliance with Policies; Reputational                     |
| IA     | INFORMATION TECHNOLOGY | Virtual Server Environments                         | Identify the virtualized environments managed by shared services. Evaluate the configuration, partitioning, support, management, security and monitoring of the virtual server environment. Ensure administrative access to the hypervisor is appropriately limited.  | X                     |     |        |      | Information Technology Security; Safeguarding of Assets; Operational; Compliance with Policies; Reputational                     |

**Legend**

MRA  
 IA  
 REQ-Regent Rules and Enterprise Policies  
 REQ-Board of Regents  
 REQ-Reg Agency  
 REQ-IIA Professional Standards

Managements' Risk Assessment Identified  
 Internal Audit Identified  
 Required by Regent Rules and Enterprise Policies  
 Required of Board of Regents  
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# Draft Fiscal Year 2017 Annual Internal Audit Plan

(pg. 3)

| Source | Functional Area              | Title of Audit  | Description and Audit Objectives  | Component Institution |     |        |      | Identified Risk  |
|--------|------------------------------|---|---|-----------------------|-----|--------|------|--|
|        |                              |   |   | System                | UNT | UNTHSC | UNTD |  |
| IA     | INTEGRITY UNIT               | Resource Protection Program Review                      | Partner with the University Police Departments to perform periodic and reoccurring continuous resource protection. Assess control and custody of cash including accountability, safeguarding and management oversight. Assess the safety precautions provided to staff handling these funds. Perform random spot checks to raise control awareness.   |                       | X   | X      | X    | Reputational; Asset Misappropriation; Physical Safety  |
| IA     | INTEGRITY UNIT               | Inventory Control Review                                | Perform periodic and reoccurring reviews of operational effectiveness controls over inventory in facilities, dining services and athletics to ensure strong safeguarding and accountability controls protect assets. Perform random spot checks on areas storing pilferable inventory and hazardous materials.  |                       | X   | X      | X    | Reputational; Asset Misappropriation; Compliance with Policies; Financial; Economical and Efficient Use of Resources |
| MRA    | MANAGEMENT ADVISORY SERVICES | Registrar's Office – Business Process                   | Work with management to provide an overview of registrar services at peer institutions. Develop questionnaire to help management review registrar function and assess what type of activities and process should be conducted by a registrar office.  |                       |     |        | X    | Operational; Reputational; Compliance with Policies  |
| MRA    | MANAGEMENT ADVISORY SERVICES | Training on Business Processes, Policies and Procedures | Provide Academic Chair-Faculty training on business processes, adherence to policies and procedures, and employee on-boarding process. Review for unauthorized software installed on user machines. Identify potential malware which could cause data breaches and unauthorized data leakage.   | X                     | X   | X      | X    | Compliance with Policies; Operational; Financial; Information Technology   |
| IA     | MANAGEMENT ADVISORY SERVICES | Continuous Auditing                                     | Monitoring data and identifying outlier information for further review. Identify potential deficiencies in internal controls and instances of malfeasance. Completed by designated audit staff position.  | X                     | X   | X      | X    | Financial; Operational;  |
| MRA    | NCAA                         | NCAA Compliance   | Review to be determined in athletic compliances areas (e.g., coaching limits, student recruitment, coaching contracts, etc.).   |                       | X   |        |      | Regulatory; Reputational; Compliance with Policies; Operational  |
| MRA    | STUDENTS                     | Residence Hall- Student Safety Practices                | Review university policies and guidelines relating to the safety of students residing in university on-campus housing. The auditors will work closely with risk management, the university fire marshal and other university officials to evaluate completeness of current evacuation plans and other safety measures.                                |                       | X   |        |      | Student Safety; Operational; Compliance with Policies; Reputational  |
| MRA    | STUDENTS                     | Student Awareness and Training- Lab Safety              | Student participation in research, including activities conducted in instructional and research lab facilities, is an important part of the student educational experience. Review the process mandating students attend laboratory safe practices training and assess whether these policy and university practices are being followed and enforced. |                       | X   | X      | X    | Student Safety; Operational; Compliance with Policies; Reputational  |

**Legend**

MRA  
 IA  
 REQ-Regent Rules and Enterprise Policies  
 REQ-Board of Regents  
 REQ-Reg Agency  
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Managements' Risk Assessment Identified  
 Internal Audit Identified  
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 Required by IIA Professional Standards

# Draft Fiscal Year 2017 Annual Internal Audit Plan

(pg. 4)

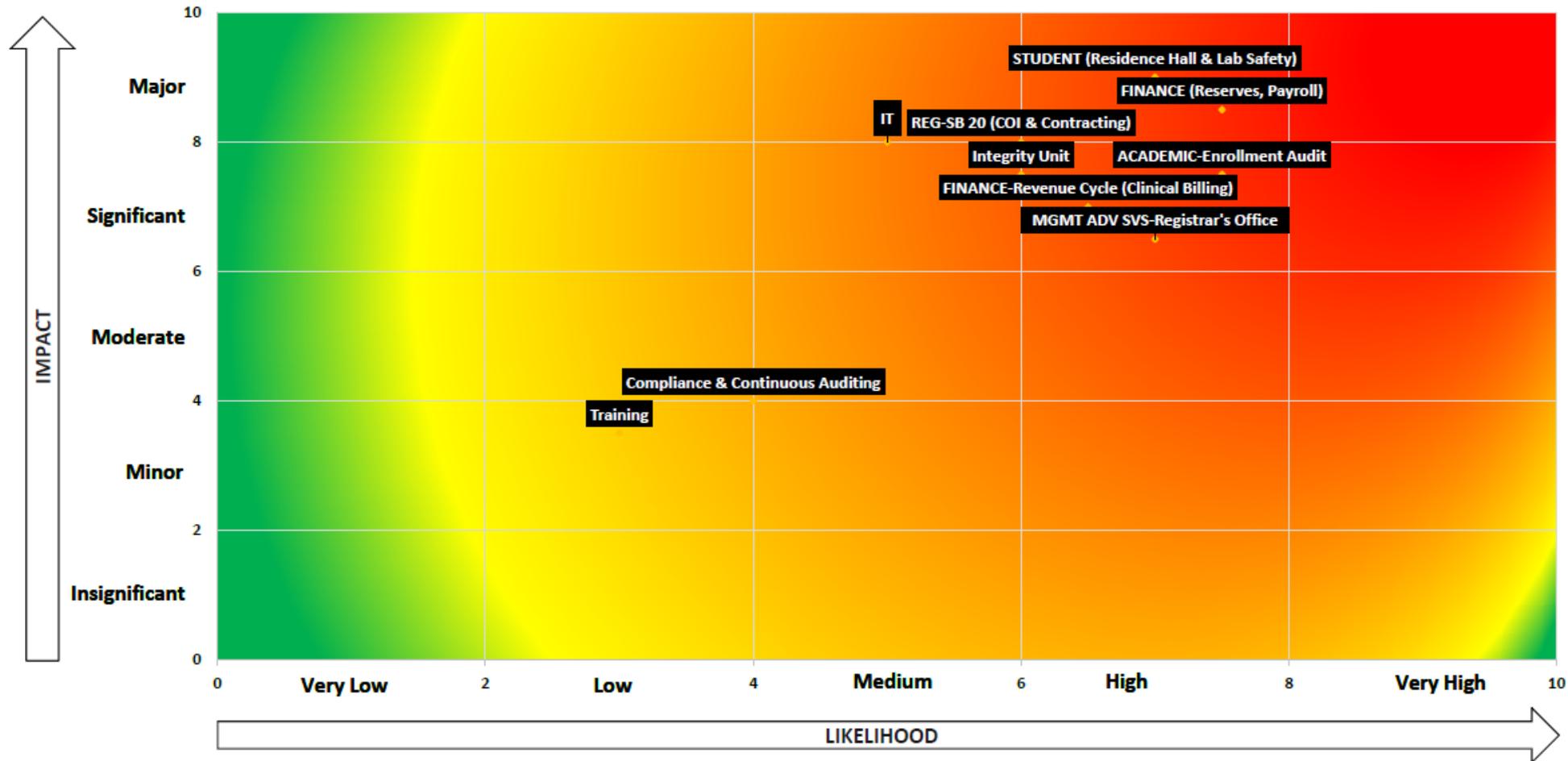
| Source                         | Functional Area          | Title of Audit            | Description and Audit Objectives   | Component Institution |     |        |      | Identified Risk   |
|--------------------------------|--------------------------|---------------------------|--|-----------------------|-----|--------|------|---|
|                                |                          |                           |  | System                | UNT | UNTHSC | UNTD |   |
| IA                             | UNALLOCATED HOURS-UNTS   |                           | Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY 2017 to be responsive to managements' high risk and high impact areas (e.g., shared services, business process reviews, fraud hotline investigations, etc.).                               | X                     |     |        |      | Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets |
| IA                             | UNALLOCATED HOURS-UNT    |                           | Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY 2017 to be responsive to managements' high risk and high impact areas (e.g., leadership transition reviews, business process reviews, fraud hotline investigations, etc.).                 |                       | X   |        |      | Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets |
| IA                             | UNALLOCATED HOURS-UNTHSC |                           | Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY 2017 to be responsive to managements' high risk and high impact areas (e.g., leadership transition reviews, business process reviews, revenue cycles, fraud hotline investigations, etc.). |                       |     | X      |      | Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets |
| IA                             | UNALLOCATED HOURS-UNTD   |                           | Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY 2017 to be responsive to managements' high risk and high impact areas (e.g., leadership transition reviews, business process reviews, fraud hotline investigations, etc.).                 |                       |     |        | X    | Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets |
| REG-IIA PROFESSIONAL STANDARDS | COMPLIANCE               | Follow-Up of Prior Audits | The IIA Professional Standards for internal auditing require auditors to follow-up on implementation of recommendations included in prior audit reports.   | X                     | X   | X      | X    | Due Diligence   |

**Legend**

MRA  
 IA  
 REQ-Regent Rules and Enterprise Policies  
 REQ-Board of Regents  
 REQ-Reg Agency  
 REQ-IIA Professional Standards

Managements' Risk Assessment Identified  
 Internal Audit Identified  
 Required by Regent Rules and Enterprise Policies  
 Required of Board of Regents  
 Required of Regulatory Agency  
 Required by IIA Professional Standards

UNIVERSITY OF NORTH TEXAS SYSTEM INTERNAL AUDIT  
FISCAL YEAR 2017 ANNUAL AUDIT PLAN  
RISK ASSESSMENT HEAT MAP



**Heat Map Legend:**  
A heat map is a two-dimensional representation of data in which values are represented by colors. Likelihood and Impact of Risk for each proposed audit are evaluated and plotted based on a 1 to 10 scale.

Audits that appear in green or yellow zones have a lower impact on the university and/or likelihood of occurrence, while audits that appear in orange or red zones have a greater impact on the university and/or likelihood of occurrence.

# Fiscal Year 2016-Fiscal Year 2020 Prospective Audit Plan

(pg. 1)

| Risk Area              | Fiscal Year 2016<br>Title of Audit                                     | Fiscal Year 2017<br>Title of Audit  | Fiscal Year 2018<br>Title of Audit                                     | Fiscal Year 2019<br>Title of Audit                                     | Fiscal Year 2020<br>Title of Audit                                     |
|------------------------|--|---|--|--|--|
| COMPLIANCE             | Chancellor/Presidential Expenditure Reviews                            | Chancellor/Presidential Expenditure Reviews   | Chancellor/Presidential Expenditure Reviews                            | Chancellor/Presidential Expenditure Reviews                            | Chancellor/Presidential Expenditure Reviews                            |
| COMPLIANCE             | UNTS/UNT/UNTHSC/UNTD Investments Reviews                               | UNTS/UNT/UNTHSC/UNTD Investments Reviews  | UNTS/UNT/UNTHSC/UNTD Investments Reviews                               | UNTS/UNT/UNTHSC/UNTD Investments Reviews                               | UNTS/UNT/UNTHSC/UNTD Investments Reviews                               |
| COMPLIANCE             | UNT Student-Managed Investment Fund (SMIF)                             | UNT Student-Managed Investment Fund (SMIF)  | UNT Student-Managed Investment Fund (SMIF)                             | UNT Student-Managed Investment Fund (SMIF)                             | UNT Student-Managed Investment Fund (SMIF)                             |
| COMPLIANCE             | Joint Admission Medical Program Review (JAMP)                          | Joint Admission Medical Program Review (JAMP)   | Joint Admission Medical Program Review (JAMP)                          | Joint Admission Medical Program Review (JAMP)                          | Joint Admission Medical Program Review (JAMP)                          |
| COMPLIANCE             | THECB Plaza Medical Center Family Medicine Residency Program (FMRP)    | THECB Plaza Medical Center Family Medicine Residency Program (FMRP)                       | THECB Plaza Medical Center Family Medicine Residency Program (FMRP)    | THECB Plaza Medical Center Family Medicine Residency Program (FMRP)    | THECB Plaza Medical Center Family Medicine Residency Program (FMRP)    |
| COMPLIANCE             | Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced) | Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)                    | Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced) | Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced) | Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced) |
| COMPLIANCE             | Selected Contract Review   | Senate Bill 20 Conflict of Interest and Senate Bill 20 Mandated Internal Audit Assessment | Senate Bill 20 Mandated Internal Audit Assessment                      | Senate Bill 20 Mandated Internal Audit Assessment                      | Senate Bill 20 Mandated Internal Audit Assessment                      |
| COMPLIANCE             | Benefits Proportionality Review  |   |  |  |  |
| COMPLIANCE             | UNT Student Money Management Center Audit                              |   |  |  |  |
| ACADEMIC               | Toulouse Graduate School   | Enrollment Audit  |  |  |  |
| ACADEMIC               | College of Information Dean's Transitional Audit                       |   |  |  |  |
| ACADEMIC               | International Travel Process Review                                    |   |  |  |  |
| ACADEMIC               | Enrollment Management and Planning                                     |   |  |  |  |
| FINANCE                | UNT/UNTD Student Fees  | Payroll   |  |  |  |
| FINANCE                | Unrelated Business Income Tax Review                                   | Financial Review of UNTHSC Reserves (from Fiscal Year 2016 Annual Audit Plan)             |  |  |  |
| FINANCE                | UNTHSC School of Public Health   | Revenue Cycle – Billing Process (Clinical Practice)                                       |  |  |  |
| FINANCE                | Federal Financial Aid Review   | Minor Capital Projects  |  |  |  |
| FINANCE                | Selected Scholarships Review   |   |  |  |  |
| FINANCE                | Endowments   |   |  |  |  |
| FINANCE                | Time and Labor Audit   |   |  |  |  |
| FINANCE                | Grants Management Process Review and Selected Grants Review            |   |  |  |  |
| INFORMATION TECHNOLOGY | Security (IT) Governance   | Vulnerability Scanning & Penetration Testing Review                                       |  |  |  |
| INFORMATION TECHNOLOGY | Advisory (PeopleSoft, Hyperion)  | Health Care Data Security   |  |  |  |

# Fiscal Year 2016-Fiscal Year 2020 Prospective Audit Plan

(pg. 2)

| Risk Area                    | Fiscal Year 2016<br>Title of Audit                                      | Fiscal Year 2017<br>Title of Audit   | Fiscal Year 2018<br>Title of Audit   | Fiscal Year 2019<br>Title of Audit   | Fiscal Year 2020<br>Title of Audit   |
|------------------------------|---|--|--|--|--|
| INFORMATION TECHNOLOGY       | Privacy and Data Protection   | Virtual Server Environments  |  |  |  |
| INFORMATION TECHNOLOGY       | Student Cell Phone Access Audit   |  |  |  |  |
| INFORMATION TECHNOLOGY       | PCI Data Security Overview  |  |  |  |  |
| INFORMATION TECHNOLOGY       | Affordable Care Act Implementation                                      |  |  |  |  |
| INFORMATION TECHNOLOGY       | Change Management   |  |  |  |  |
| INTEGRITY UNIT               | Hotline (developing process and procedures, inventory of investigators) | Resource Protection Program Review - Partner with University Police Departments to perform periodic and reoccurring continuous resource protection | Resource Protection Program Review - Partner with University Police Departments to perform periodic and reoccurring continuous resource protection | Resource Protection Program Review - Partner with University Police Departments to perform periodic and reoccurring continuous resource protection | Resource Protection Program Review - Partner with University Police Departments to perform periodic and reoccurring continuous resource protection |
| INTEGRITY UNIT               |   | Inventory Control - Perform periodic and reoccurring reviews of operational effectiveness control  | Inventory Control - Perform periodic and reoccurring reviews of operational effectiveness control  | Inventory Control - Perform periodic and reoccurring reviews of operational effectiveness control  | Inventory Control - Perform periodic and reoccurring reviews of operational effectiveness control  |
| MANAGEMENT ADVISORY SERVICES | UNT D Policies Review and Unit Specific Management Control Review       | Registrar's Office – Business Process  |  |  |  |
| MANAGEMENT ADVISORY SERVICES | Training on Business Processes, Policies and Procedures                 | Training on Business Processes, Policies and Procedures  | Training on Business Processes, Policies and Procedures  | Training on Business Processes, Policies and Procedures  | Training on Business Processes, Policies and Procedures  |
| MANAGEMENT ADVISORY SERVICES | Continuous Auditing   | Continuous Auditing  | Continuous Auditing  | Continuous Auditing  | Continuous Auditing  |
| MANAGEMENT ADVISORY SERVICES | HSC New Consulting Project (UNTHSC/TCU)                                 |  |  |  |  |
| NCAA                         | Business Operational Process – Athletics Review                         | NCAA Compliance  |  |  |  |
| STUDENTS                     |   | Residence Hall- Student Safety Practices   |  |  |  |
| STUDENTS                     |   | Student Awareness and Training- Lab Safety   |  |  |  |
| Follow-Up of Prior Audits    | Follow-Up   | Follow-Up  | Follow-Up  | Follow-Up  | Follow-Up  |

Note: Annual audit plans may not coincide with the schedule shown as a result of the annual risk assessment performed for that fiscal year.  
 Note: Additional audits will be identified in Fiscal Year 2017 as audit projects are identified and reallocated from the unallocated hours budgets.