

PROJECT PERFORMED

UNT System Internal Audit conducted a review of investments for UNT System, UNT, UNT Dallas, and UNTHSC for fiscal year 2019. This audit is required by UNT System Regents Rule 10.100, Investments.

The objectives of this audit were to provide assurance that controls surrounding investing activities are effective and efficient, and to provide assurance of adherence with:

- UNT System Regulation 08.2000, Investment of System Funds;
- UNT System Regents Rule 10.100; and
- State Auditor's Office (SAO) Article III, Rider 5 reporting requirements.

In order to achieve our objective, we reviewed relevant policies, procedures, and regulatory requirements. Additionally, we conducted interviews with appropriate personnel and performed substantive testing.

During fiscal year 2019, UNT System implemented the following changes with regards to investments:

- Revision of UNT System Regulation 08.2000;
- Merging of the Long-Term Investment Pool and Intermediate Investment Pool;
- Appointment of a new Outsourced Chief Investment Officer; and
- Expansion of the Investment Advisory Committee to include three external members.

As UNT System had total endowments of at least \$150 million in book value as of September 1, 2017, Subchapter A of the Public Funds Investment Act (Chapter 2256, Government Code) does not apply.

The project was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

KEY OBSERVATIONS AND MANAGEMENT ACTIONS

There were no issues identified during this audit. UNT System, UNT, UNT Dallas, and UNTHSC complied with UNT System Regulation 08.2000 and UNT System Regents Rule 10.100. Additionally, all components complied with state reporting requirements for investments applicable to institutions of higher education, including SAO Article III, Rider 5 requirements.

We noted management has implemented controls to ensure compliance and to ensure accuracy and completeness of investment activities. These controls include quarterly reporting for all UNT institutions, adoption of written investment policies, and implementation of a conflict of interest process.

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