Fiscal Year 2026 Internal Audit Plan

Presented by Ninette Caruso
August 14, 2025

UNT System™
UNIVERSITY OF NORTH TEXAS SYSTEM

FY26 RISK THEMES IDENTIFIED BY INTERNAL AUDIT

UNTS System Wide Risks	
• Developing strategy and organizational accountability • Higher Education value proposition • Research impact • Compliance management • Employee recruitment, retention, compensation	• Federal/State regulatory changes • Deferred maintenance strategy • Overall leadership changes • Brand unification strategy • Artificial Intelligence development and governance
System	**UNT Health**
• Cybersecurity • Third party risk • Economic uncertainty	• Competition • Brand impact & recognition • Impact on Research • Clinical management
UNT	**UNT Dallas**
• Student safety and mental health • Digital education • International student strategy (enrollment) • Relevant course development • Athletic rule changes	• Enrollment challenges • Organizational change management • Housing limitations • Auxiliary income shortfall • Student readiness (incoming, career)

AUDIT PLAN DEVELOPMENT

We have completed the Risk Assessment, developed the FY26 Audit Plan, and secured resources to execute the Audit Plan

Methodology

Internal Audit Universe

- ✓ Use a framework to assess all aspects of risk across UNTS Enterprise
- ✓ Use the Association of College University Auditors categories as baseline and adjust as appropriate

Risk Assessment

- ✓ Evaluate inherent risk (prior to considering controls) against Impact, Probability and Velocity
- ✓ Considered strategies and emerging risks and obtained input from management and external parties/subject matter experts

Audit Plan and Resources

- ✓ Audit coverage assessed at universe level, considering past 5 - year coverage
- ✓ Assess staff capacity and capability to execute the plan
- ✓ Determine budget to fund resource needs

Results

- ✓ Minimal changes to Audit Universe, which decreased from 69 to 68 auditable units
- ✓ Domains and auditable units are created at the process, risk, and function level

- ✓ Distribution of risks across the auditable units - Critical to Low risk
- ✓ Determined overall and campus level risk score
- ▪ See slide 9 for Inherent Risk Heap Map

- ✓ Audit Plan includes 22 reviews
- ✓ FTE and outsource providers will execute proposed audit plan
- ✓ A budget of ~$2.63M will provide resources to execute the proposed plan
- ▪ See slide 10 for Audit Plan

2026 INHERENT RISK HEAT MAP

Bold Blue Font = Coverage in Audit Plan

Likelihood	1	2	3	4	5
5		**Receiving, Warehousing & Asset Mgmt.** **Marketing**	**Data Governance and Protection** **Enterprise Risk Management**	**Organizational Structure & Accountability** **Strategic Planning & Metrics** **Employee Lifecycle**	**Information Security** **Physical Safety & Security**
4		**Charge Capture & Coding** **Patient Billings, Collection & Denial** **Travel/Entertainment**	**Conflict of Interest/Commitment** **Construction** **Equal Employment Opportunity** **IT Physical/Environmental Control** **Payroll** **Procure-To-Pay** **Training & Awareness**	**3rd Party Management** **Access Control & Identity Management** **Admissions/Recruitment** **Advancement/Foundation** **Compliance Program** **IT Governance and Strategy** **IT Infrastructure, Operations** **Research Administration** **Talent Development & Retention**	**Continuity of Operations** **Incident/Crisis Response & Communication** **Financial Aid** **Research Compliance**
3		**Accounts Receivable, Collections** **Cash Management** **Medical Credentialing**	**Animal Research Program** **Configuration Management** **Employee Benefits** **IT Change Management** **Student Organizations** **System Acquisition & Development** **Treasury & Investments/Debt Services**	**Academic Governance** **Athletics – NCAA/NAIA** **Budgeting/Decision Support** **Digital Payment Methods** **Environmental Health and Safety** **Human Subjects Research Program** **IT Problem Management** **Title IX**	**BOR Governance** **Grants Accounting and Grants Payroll** **Infrastructure Maintenance** **IT Recovery** **Privacy (HIPAA/PII/FERPA)** **Student Health/Mental Health** **Student Living Security**
2		**Patient Scheduling, Registration**	**Auxiliary Revenue Management** **Graduate Education** **Health Compliance**	**Clinical Operations/Patient Care** **Instruction and Faculty** **Program/Course Development** **Tuition and Fees**	**Accreditation** **Financial Reporting**
1					

Impact

FY26 INTERNAL AUDIT PLAN

Area	Audit Name	UNT System	UNT	UNT Health	UNT Dallas
Academic Affairs	Institutional and Program Accreditation		X		
	Willed Body Program			X	
Auxiliary Services	Revenue Contract Governance and Accounting		X		
Compliance	Digital Accessibility Compliance	X	X	X	X
Facilities Management	Deferred Maintenance - Monitoring	X	X	X	X
Finance	Asset Management			X	
	Electronic Payments	X			
	Expense / Purchase Card System Implementation	X	X	X	X
Governance	Continuity of Operations - Advisory	X	X	X	X
Institution Safety	Student Living Security, Minors on Campus		X		X
Medical Patient Revenue Cycle	Correctional Medicine			X	
	Medical Coding Review			X	X
Research	Animal Research		X	X	
	Joint Admission Medical Program (JAMP) - Mandatory		X		
	Research Security		X	X	X
	Student-Managed Investment Fund (SMIF) - Mandatory		X		
Student Enrollment and Financial Management	Financial Aid, Disclosures and Regulatory Readiness		X		
	Tuition and Fees		X	X	X
Supply Chain	Purchasing Authority Assessment - Mandatory	X	X	X	X
	Third Party Risk Management Implementation - Monitoring	X	X	X	X
Technology	AI Governance and Readiness - Advisory	X	X	X	X
	Backup, Restoration & Data Recovery	X	X	X	X

INTERNAL AUDIT ORGANIZATION AND RESOURCES

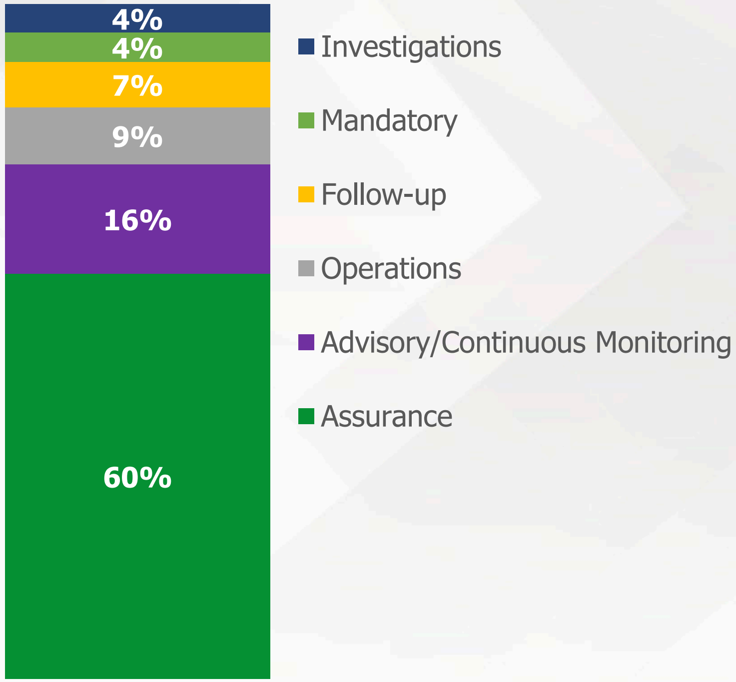
For FY26, there are many interactions outside of formal engagements, where Internal Audit collaborates with management and the Institutions to advise or monitor changes in risks (e.g., Advisory, Continuous Monitoring).

Budget:

FY26 Plan (proposed) - $2.63M - slight increase from prior year – resulting from outsourcing contract inflationary increase.

- Our budget includes a small unallocated capacity.
- Co-sourcing used to augment staffing and internal audit expertise and provide industry best practices.

Resource Allocation



Allocation Definitions:

- **Investigations** - Investigations that may arise
- **Mandatory** - Required by State of Texas, Regent Rule, or grant awards
- **Follow-up** - Procedures to verify the status of corrective action plans
- **Operations** - Internal Audit support
- **Advisory** - Consulting on strategic projects and improving processes
- **Continuous Monitoring** - Monitoring events impacting the UNT System Enterprise risk profile
- **Assurance** - Risk-based audit

Approval Items

2026 Internal Audit Annual Plan and Budget

UNT System

UNIVERSITY OF NORTH TEXAS SYSTEM

Appendix

2026 Audit Plan Detail

2026 AUDIT PLAN DETAIL

Key:
✓ - Covered Entity | P - Partial Coverage | CAE - CAE Monitoring
AD - Advisory | 3rd - 3rd Party Audit | CM - Continuous Monitoring

Audit Universe Primary Category/Entity	2026 Audit Plan UNT System	UNT	UNT Health	UNT Dallas	FY26 Audit Name	Business Outcome	Rationale
Academic Affairs							
Academic Governance (M)							
Accreditation (M)		CM			Institutional and Program Accreditation	Accreditation process fosters continuous improvement through support of teaching and learning.	Essential process with no recent coverage.
Graduate Education (L)							
Instruction and Faculty (M)			P		Willed Body Program	The willed body program operates with dignity to human specimens in compliance with regulatory requirements.	Follow-up review of remediation of operations.
Program/Course Development (M)							
Auxiliary Services							
Auxiliary Revenue Management (L)		P			Revenue Contract Governance and Accounting	Revenue contracts are appropriately authorized and executed and funds are accounted and used in compliance with policies.	Revenue contracts are decentralized across functions and departments. No previous accounting coverage related to the auxiliary funds.
Cash Handling Management (L)							
Digital Payment Methods (M)							
Brand & Reputation Management							
Incident/Crisis Response and Communication (C)							
Marketing (M)							
Compliance							
Athletics - NCAA/NAIA (M)		3rd			NCAA Agreed Upon Procedures		
Compliance Program (H)	P	P	P	P	Digital Accessibility Compliance	Digital platforms, learning tools, and online content are fully accessible to individuals with disabilities, in compliance with regulations.	Texas institutions must comply with the ADA by April 2026. Recent DOJ guidance reinforces digital accessibility expectations.
Conflict of Interest and Commitment M)	P	P	P	P	Purchasing Authority Assessment	The University of North Texas System has adopted the rules and policies required by Texas Education Code § 51.9337.	Mandatory Audit
Equal Employment Opportunity (M)							
Privacy (H)							
Title IX (M)							
Facilities Management							
Construction (M)							
Infrastructure Maintenance (H)	CM	CM	CM	CM	Deferred Maintenance	The deferred maintenance program develops a governance structure and framework addressing; a system of record to monitor asset conditions, and a methodology for project prioritization.	Monitor the implementation of the deferred maintenance governance structure and framework for progress.

2026 AUDIT PLAN DETAIL

Key:
✓ - Covered Entity　P - Partial Coverage　CAE - CAE Monitoring
AD - Advisory　3rd - 3rd Party Audit　CM - Continuous Monitoring

Audit Universe Primary Category/Entity	2026 Audit Plan				FY26 Audit Name	Business Outcome	Rationale
	UNT System	UNT	UNT Health	UNT Dallas			
Finance							
Accounts Receivable, Collections (Students) (L)							
Budgeting/Decision Support (H)							
Financial Reporting (M)	3rd	3rd	3rd	3rd	Annual Financial Statement Review		
Payroll (M)							
Receiving, Warehousing & Asset Management (M)			P		Asset Management	Assets are appropriately procured, tracked, received, maintained, and protected until appropriate disposition. Assets are accurately captured within tracking and financial systems.	Limit recent coverage. A disparate process executed by numerous individuals.
Travel/Entertainment (M)	P				Expense / Purchase Card System Implementation	Implementation of the new expense system, ensures controls against fraud, waste, and abuse, and ensures compliance with updated state and federal regulations.	New Travel and Entertainment system.
Treasury/Investments/Debt Services (M)	P				Electronic Payments	Electronic payments for payroll, accounts payable, state funds, and construction are accurate and secure, to uphold financial integrity.	High potential for fraud risk related to payments.
Governance							
BOR Governance (H)							
Continuity of Operations (C)	AD	AD	AD	AD	Continuity of Operations	Institutions manage disruptions, ensuring business stability and recovery of service for students, faculty and staff.	Limited recent coverage of this critical-risk process.
Enterprise Risk Management (H)	CAE	CAE	CAE	CAE			
Organizational Planning & Accountability (C)	CAE	CAE	CAE	CAE			
Strategic Planning, Transformation & Metrics (C)	CAE	CAE	CAE	CAE			
Human Resources							
Employee Benefits (M)							
Employee Lifecycle (C)	3rd				Employee Maturity Review		
Talent Development & Retention (H)							
Training & Awareness (M)							
Institution Safety							
Environmental Health and Safety (M)							
Physical Safety & Security (C)							
Student Living Security (H)		✓		✓	Student Living Security, Minors on Campus	Institutions provide a safe living environment through security infrastructure, emergency preparedness, and safety programs; minors can safely engage in campus activities.	No recent coverage of high-risk area.

2026 AUDIT PLAN DETAIL

Key:
✓ - Covered Entity | P - Partial Coverage | CAE - CAE Monitoring
AD - Advisory | 3rd - 3rd Party Audit | CM - Continuous Monitoring

Audit Universe Primary Category/Entity	2026 Audit Plan				FY26 Audit Name	Business Outcome	Rationale
	UNT System	UNT	UNT Health	UNT Dallas			
Medical Patient Revenue Cycle							
Billing, Collections, & Denials Management (M)			P		Correctional Medicine	UNT Health performs operations for the Correctional Medicine Facilities completely, accurately, supporting revenue cycle compliance.	Unique operational requirements with limited visibility into operations.
Healthcare Compliance (L)			P				
Scheduling, Registration & Front-end Collections (L)			P				
			P				
Charge Capture, CDM, & Coding (M)			P	P	Medical Coding Review	Assign appropriate healthcare codes to patient accounts based on provider documentation.	No recent audit coverage of medical coding services across clinical departments. UNT Health provides these services across the institutions.
Patient Care Operations							
Clinical Operations, Patient Care, & Quality/Risk Management (M)			P		Correctional Medicine	UNT Health performs operations for the Correctional Medicine Facilities completely, accurately, supporting revenue cycle compliance.	Unique operational requirements with limited visibility into operations.
Medical Checks, Screenings, Verifications, & Credentialing (L)							
Research							
Animal Research Program (M)		✓	✓		Animal Research	Animal Research provides appropriate animal care; record keeping and comply with animal research regulations.	No recent audit coverage. Research is continuing to grow.
Grants Accounting and Grants Payroll (H)		P			Grant Review - Student Managed Investment Fund Grant Review - Joint Admission Medical Program	The Institution complies with stipulations in the Grant Agreement requirements and expenditure guidelines.	Mandatory Audit
Human Subjects Research Program (M)							
Research Administration (H)		P	P	P	Research Security	Safeguard sensitive research data and infrastructure to maintain eligibility for funding and comply with federal and state regulations.	Growing requirements (e.g., CMMC, NSPM-33) heighten the need for coordinated approach.
Research Compliance (C)							
Student Enrollment and Financial Management							
Admissions/Recruitment (H)							
Financial Aid (C)		✓			Financial Aid, Disclosures and Regulatory Readiness	Provides appropriate financial aid assistance in compliance with financial aid rules and regulations and is prepared for financial value reporting and upcoming regulatory requirements.	No recent coverage in a highly complex and changing regulatory environment.
Tuition and Fees (H)		✓	✓	✓	Tuition and Fees	Resident and non-resident tuition rates and fees for Undergraduate and Graduate students are accurate and timely billed.	Important revenue driver and potential impact of errors on student accounts.

2026 AUDIT PLAN DETAIL

Key:
✓ - Covered Entity | P - Partial Coverage | CAE - CAE Monitoring
AD - Advisory | 3rd - 3rd Party Audit | CM - Continuous Monitoring

Audit Universe Primary Category/Entity	2026 Audit Plan				FY26 Audit Name	Business Outcome	Rationale
	UNT System	UNT	UNT Health	UNT Dallas			
Student Services							
Student Health Services (H)							
Student Organizations (M)							
Supply Chain							
Third-Party Management (H)	CM				Third Party Risk Management Implementation	Develop and implement an effective framework for the risk management, monitoring, and reporting of third-party providers.	Monitor the implementation of the Third-Party Risk governance structure and framework for progress.
Procure-To-Pay (H)	P				Purchasing Authority Assessment	The University of North Texas System has adopted the rules and policies required by Texas Education Code § 51.9337.	Mandatory Audit
Technology							
Access Control & Identity Management (H)							
Configuration Management (M)							
Data Governance & Protection (H)		P	P	P	Research Security	Safeguard sensitive research data and infrastructure to maintain eligibility for funding and comply with federal and state regulations.	Growing requirements (e.g., CMMC, NSPM-33) heighten the need for coordinated approach.
Information Security (C)							
IT Change Management (M)							
IT Governance and Strategy (H)	AD	AD	AD	AD	AI Governance and Readiness	Facilitate responsible adoption of AI in teaching, research, and operations, aligning with ethical standards and legal obligations.	Supports leadership through ongoing risk-informed guidance, policy alignment, and emerging issue tracking.
IT Incident Response & Problem Management (M)							
IT Infrastructure, Operations, and Maintenance (H)			P		Asset Management	Assets are appropriately procured, tracked, received, maintained, and protected until appropriate disposition. Assets are accurately captured within tracking and financial systems.	Limit recent coverage. A disparate process executed by numerous individuals.
IT Physical & Environmental Controls (M)							
IT Resilience & Recovery (M)	✓	✓	✓	✓	Backup, Restoration & Data Recovery	Restoration of systems and data to support continuity of critical operations following outages, cyber incidents, or disasters.	Limited recent audit coverage and the critical role of backups in regulated areas.
IT Third-Party Management (H)	CM	CM	CM	CM	Third Party Risk Management Implementation	Develop and implement an effective framework for the risk management, monitoring, and reporting of third-party providers.	Monitor the implementation of the Third-Party Risk governance structure and framework for progress.
System Development Lifecycle & Acquisitions (M)							
University Relations							
University Advancement & Foundation (H)							