

PROJECT PERFORMED

Internal Audit completed an audit of fiscal year 2014 investments for UNT Dallas. The project was part of the Board of Regents approved work plan and required by UNT System Regulation 08.2000, Investment of System Funds. The objective was to perform a compliance audit of management controls over investing activities 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.

To accomplish the objectives, Internal Audit performed the following procedures:

- Determined whether management of investment transactions were compliant with UNT System Regulation 08.2000, Regents Rule 10.100, the PFIA, and with SAO Article III Rider 5 reporting requirements.
- Verified that investments were adequately and appropriately inventoried and safeguarded.
- Reviewed the recording and reporting of investment transactions for accuracy and the general compliance of investment reports submitted to the UNT Board of Regents.

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

UNT Dallas is in compliance with the PFIA, Regents Rule 10.100, and the UNT System Regulation 08.2000. In addition, UNT Dallas is in compliance with state higher education investment reporting requirements including SAO Article III, Rider 5 requirements.

There were no suggested management actions.

Internal Audit's audit included the following areas with observations noted.

Compliance

- A revised UNT System Regulation 08.2000 was presented for Board approval and was last approved on October 16, 2014. UNT Dallas has posted a copy of the latest approved regulation on their respective Investment Disclosure website.
- The investment portfolio was liquid, diversified, and in compliance with the provisions outlined by the PFIA and UNT System Regulation 08.2000.
- All investments in the portfolio were authorized by UNT System Regulation 08.2000.
- The Investment Officers and the Board of Regents have complied with the training requirements outlined in the PFIA.

Inventory and Safeguarding

- All reported investments traced from the May 2014 Investment Report matched source documentation (e.g. 3rd party statements).
- Employees with signature authority were properly designated and were current employees.
- Neither the Investment Officers nor designees disclosed any personal or business interest that conflicted with their official job duties related to investment activities and responsibilities.
- Bank deposits were adequately secured by pledged collateral and state or federal guaranties.
- UNT Dallas is covered by a UNT System fully executed bank depository agreement with Wells Fargo Bank.
- A sample of wire transfers was reviewed and these transfers were authorized and approved in accordance with established procedures. In addition, the transfers were supported by Wells Fargo Bank documentation.

Reporting

Internal Audit reviewed in detail the UNT Dallas Quarterly Investment Report presented to the Board of Regents for period ending May 31, 2014. The information reported on this Quarterly Investment Report for UNT Dallas was accurate and traced to supporting documentation. In addition, the other UNT Dallas quarterly reports for FY 2014 were reviewed for reported content accuracy. No exceptions noted.

- State reporting requirements for higher education investing including PFIA and SAO Article III, Rider 5 have been met.

Audit performed by: John McDermott, MBA, CIA, CFE, CICA, Senior Auditor, and portions performed by Deloitte personnel.

Audit reviewed by: Steve Goodson, CIA, CISA, CCSA, CGAP, CRMA, Interim Chief Internal Auditor.

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