State Auditor's Office Fiscal Year 2016 Annual Internal Audit Report

Tracy C. Grunig, MPA, CPA, CISSP, CISA, CFE
Chief Audit Executive

October 31, 2016

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The Honorable Greg Abbott
Governor, State of Texas
State Capitol Extension, Room E1.304
Austin, Texas 78701

Dear Governor Abbott:

We are pleased to present the State Auditor's Office Fiscal Year 2016 Annual Report for the University of North Texas System Internal Audit Department.

This report fulfills the requirements set out in the Texas Internal Auditing Act (Texas Government Code, Section 21012) and provides the information in the format prescribed by the State Auditor's Office.

For further information about the contents of this report or to request copies of audit reports, please call (940) 565-2153.

Respectfully,

Tracy C. Grunig

Tracy C. Grunig, MPA, CPA, CISSP, CISA, CFE
Chief Audit Executive

cc: UNT System Board of Regents
   UNT System Chancellor Jackson
   Texas State Auditor's Office
   Texas Legislative Budget Board
   Texas Sunset Advisory Commission

I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Website

The Fiscal Year 2017 Internal Audit Plan is posted on the University of North Texas System Internal Audit Department website.

Once this State Auditor's Office Fiscal Year 2016 Annual Report is distributed to the UNT System Board of Regents, it will be posted to the Internal Audit website.

The following tables summarize weaknesses, deficiencies, wrongdoings or other concerns identified during the performance of the audits conducted in accordance with the Fiscal Year 2016 Internal Audit Plan.

Summary of the Audits Conducted in Accordance with the FY 2016 Audit Plan

Audit Name	Component Institution				Number of Findings	Identified Risk
	UNTS	UNT	UNTHSC	UNTD		
Office of Sustainability Audit		X			3	Misappropriation of Assets, Operational, Compliance with Policy
FY 2015 Chancellor's and President's Expenditure Review	X	X	X	X	1	Compliance; Reputational; Financial; Operational
FY 2015 Investment Compliance Audit	X				11	Compliance; Reputational; Financial; Operational
FY 2015 Student-Managed Investment Fund Review		X			2	Compliance; Reputational; Financial; Operational
Audit of IT Governance - IT Shared Services	X				0	Information Technology
College of Information Dean's Transitional Audit		X			7	Compliance with Policy; Operational
Family Medicine Residency Program			X		5	Compliance; Reputational; Financial; Operational; Regulatory
Joint Admission Medical Program Audit (JAMP)			X		14	Compliance; Reputational; Financial; Operational; Regulatory
Privacy and Data Protection	X				6	Information Technology
Student Service Fee Audit		X			3	Financial, Reputational
UNT Dallas Student Fees Audit				X	21	Financial, Compliance with Policies, Operational
UNTHSC School of Public Health			X		5	Financial
FY 2015 UNT Student Money Management Center		X			7	Misappropriation of Assets, Compliance with Policy

*Specific details available in audit report.

Summary of Actions in Progress for Recommendations Identified in Audits

	Starting Open (Past Due and Not Yet Due) Recommendations	New Recommendations	Total Closed Recommendations	Total Open Recommendations	Open Recommendations- Not Yet Due	Open Recommendations- Past Due
UNTS	13	0	(5)	8	4	4
UNT	0	34	(5)	29	29	0
UNTHSC	26	0	(20)	6	2	4
UNTD	0	36	(2)	34	34	0
Total	39	70	(32)	77	69	8

II. Internal Audit Plan for Fiscal Year 2016

FY 2016 Planned Audits as Submitted in FY 2015 Annual Report

Component Institution	Planned (Actual) Title	Report Date	Report Number	Status
UNT System	Chancellor's Expenditures Review	February 3, 2016	16-001 SYS	Report Issued
UNT System	Benefits Proportionality Review	September 20, 2016	(PwC, LLP)	Report Issued
UNT	President's Expenditures Review	February 3, 2016	16-003 UNT	Report Issued
UNT	Investments Review (FY 2015 Investment Compliance Audit)	January 15, 2016	16-004 UNT, UNT System, UNT Dallas	Report Issued
UNT	Student-Managed Investment Fund Review	July 12, 2016	16-005 UNT	Report Issued
UNT	Benefits Proportionality Review	September 20, 2016	(PwC, LLP)	Report Issued
UNT	Cancer Prevention and Research Institute of Texas Program Review	August 31, 2016	(BKD, LLP)	Report Issued
UNT	Unit Specific Management Control Review (1 of 4)	N/A	N/A	N/A
UNT	Generic on Audit Plan – Selected COI Dean's Transitional Audit	July 21, 2016	16-406 UNT	Report Issued
UNT	Unit Specific Management Control Review (2 of 4)	N/A	N/A	N/A
UNT	Generic on Audit Plan – Toulouse Graduate School	October 26, 2016	16-401 UNT	Report Issued
UNT	Unrelated Business Income Tax (UBIT)	N/A	N/A	Memo Issued Internally
UNT	Generic on Audit Plan – Selected Scholarships Review	N/A	N/A	N/A
UNT	Student Money Management Center Audit	June 23, 2016	16-405 UNT	Report Issued
UNT	Generic on Audit Plan – Selected Grants Review – National Science Foundation Grant Audit	September 7, 2016	16-306 UNT	Report Issued
UNT	International Travel Process Review	N/A	N/A	Deferred to FY 17
UNT	Selected Student Fees Review (Student Service Fee Audit)	June 23, 2016	16-021 UNT	Report Issued
UNTHSC	President's Expenditures Review	February 3, 2016	16-008 HSC	Report Issued
UNTHSC	Investments Review (FY 2015 Investment Compliance Audit)	January 15, 2016	16-009 HSC	Report Issued
UNTHSC	Family Medicine Residency Program Review	January 22, 2016	16-010 HSC	Report Issued
UNTHSC	Joint Admission Medical Program Review	October 30, 2015	16-011 HSC	Report Issued
UNTHSC	Cancer Prevention and Research Institute of Texas Program Review	August 31, 2016	(BKD, LLP)	Report Issued
UNTHSC	Benefits Proportionality Review	September 20, 2016	(PwC, LLP)	Report Issued
UNTHSC	Unit Specific Management Control Review (3 of 4) (School of Public Health)	August 29,2016	16-022 HSC	Report Issued
UNTHSC	Financial Review of HSC Reserves	N/A	N/A (PwC, LLP)	In Progress
UNT Dallas	President's Expenditures Review	February 3, 2016	16-014 DAL	Report Issued
UNT Dallas	Benefits Proportionality Review	September 20, 2016	(PwC, LLP)	Report Issued

UNT Dallas	Generic on Audit Plan – Unit Specific Management Control Review (4 of 4)	N/A	N/A	N/A
UNT Dallas	UNT Dallas Policies Review	N/A	N/A	Issued Internally
UNT Dallas	Generic on Audit Plan – Enrollment Management and Planning	N/A	N/A	N/A
UNT Dallas	UNT Dallas Student Fees Audit	June 20, 2016	16-024 DAL	Report Issued
UNT Dallas	Federal Financial Aid Review (UNTD Scholarships Process)	N/A	N/A (PwC, LLP)	In Progress
Enterprise Wide	Time & Labor Audit	N/A	N/A	N/A
UNT	Generic on Audit Plan – Selected COI Dean's Transitional Audit	July 21, 2016	16-406 UNT	Report Issued
Enterprise Wide	Selected Contracts Review (1 of 2)	N/A	N/A	Cancelled
Enterprise Wide	Selected Contracts Review (2 of 2)	N/A	N/A	N/A
UNT	Generic on Audit Plan – UNT Business Process Operations – Athletics Department	October 26, 2016	16-408 UNT	Report Issued
Enterprise Wide	Security Governance (IT Governance Audit)	April 29, 2016	16-101 SYS	Report Issued
Enterprise Wide	Privacy and Data Protection	September 8, 2016	16-102 SYS	Report Issued
Enterprise Wide	Change Management	N/A	N/A	In Progress
Enterprise Wide	Affordable Care Act Implementation	N/A	N/A	Cancelled
Enterprise Wide	Payment Card Industry Data Security Overview	N/A	Management Advisory	N/A
Enterprise Wide	Grand Total of Designated Hours - Investigations			
UNT	UNT OGCA Timesheets Investigation	April 13, 2016	1539 UNT	Report Issued
UNT System	UNTS Payroll Collection Investigation	April 29, 2016	16-221 UNT	Report Issued
UNT	UNT Outreach G-Force Investigation	April 29, 2016	16-212 UNT	Report Issued
UNT	UNT Housing Dual Employment Investigation	September 12, 2016	16-213 UNT	Report Issued
UNT	UNT Facilities Dual Employment Investigation	September 12, 2016	16-217 UNT	Report Issued
UNT	Criminal Justice NTFA Reimbursement Investigation	September 22, 2016	16-231 UNT	Report Issued
UNTHSC	UNTHSC CIO Reorg Investigation	October 3, 2016	16-223 UNTHSC	Report Issued
Enterprise Wide	Grand Total of Designated Hours - Management Requests and Emerging Risks			
Enterprise Wide	Audit Recommendation Follow-Up			Continuous
Enterprise Wide	Financial Transformation Implementation Assurance			Continuous
Enterprise Wide	Advisory: Fiscal Year 2015 External Audit Coordination and Assistance			Continuous

FY 2015 Audit Reports Issued in FY 2016

Component Institution	Audit	Report Date	Report Number	Status
UNT	Office of Sustainability Audit	February 1, 2016	15-031 UNT	Report Issued
UNT System	FY 2015 Investment Compliance Audit	January 15, 2016	16-004 UNT, UNT System, UNT Dallas	Report Issued
UNT Dallas	FY 2015 Investment Compliance Audit	January 15, 2016	16-004 UNT, UNT System, UNT Dallas	Report Issued

SAO Investigations Found to be Unsubstantiated

Component Institution	Audit	Report Date	Report Number	Status
UNT	UNT Purchasing Fraud Alert	October 8, 2015	1545	Report Issued
UNT System	UNTS HR Personal Privacy	October 22, 2015	1544	Report Issued
UNT	UNT Math Relationship	January 22, 2016	16-210 UNT	Report Issued
UNT	UNT URCM Printing Promo	April 13, 2016	16-219 UNT	Report Issued
UNT Dallas	UNTD Finance Budget	July 18, 2016	16-220 UNTD	Report Issued

Hours from cancelled projects at each component institution were used to complete audits to address emerging risks.

Benefits Proportionality:

Benefits Proportionality Reviews in progress were performed to address the audit requirement prescribed in Rider 8, page III-41, the General Appropriations Act (84th Legislature).

Senate Bill 20:

In FY 2016, Internal Audit had a discussion with the Texas State Auditor's Office to obtain guidance of Internal Audit's roles and responsibilities in regards to the Senate Bill 20 (SB20). Additionally, Internal Audit had discussions with peers from the Texas Association of College and University Auditors to gain an understanding of the knowledge and direction universities across the state of Texas will be performing in regards to the SB20. Currently, UNT System has an enterprise-wide taskforce in place, in which Internal Audit serves on, to ensure all statutory requirements are implemented and we expect to be in compliance by November 15, 2016. In FY 2017, Internal Audit will be conducting an audit to assess whether controls surrounding the contracting process are effective; as well as adherence with the SB20 regulation.

III. Consulting Services and Nonaudit Services Completed

Title: Advisory Services for PeopleSoft Implementation
Number: 16-104 SYS
Dates: August 2015 and March 2016
Objective: Upgrade the PeopleSoft Financial system from version 9.0 to 9.2.

Title: Unrelated Business Income Tax
Number: 16-018 UNT (Memo Issued Internally)
Dates: October 2015 - August 2016
Objective: Review work being performed by UNTS Controller on identifying and accounting UBI revenue to include on the 990 tax form.

Title: Hyperion Implementation
Number: 16-105 SYS
Dates: November 2015 – May 2016
Objective: Implement the budget creation portion of Hyperion, called Hyperion Planning. The Huron Consulting Group was contracted to lead the implementation, and they worked with UNT budget and IT personnel.

Title: Payment Card Industry Data Security Overview
Number: 16-107 SYS (Management Advisory)
Dates: May 24-26, 2016
Objective: Evaluate selected UNT (System wide) merchants for PCI compliance

Title: Financial Transformation
Number: Continuous
Dates: Continuous
Objective: Advising Management during course of Financial Transformation process.

Title: Fiscal Year 2015 External Audit Coordination and Assistance
Number: N/A (No Report Issued)
Dates: Continuous
Objective: Advising Management during course of FY 2015 audit.

Title: UNT Dallas Policies Review
Number: 16-403 (Issued Internally)
Dates: February 2016 – April 2016
Objective: Review UNT Dallas policies to identify policies that should be in place and/or inconsistencies with UNT System Regulations.

IV.   External Quality Assurance Review (Peer Review)

In accordance with the Texas Internal Auditing Act, an independent, external quality assurance review was completed in May 2014 for the UNT System Internal Audit Department. The Executive Summary follows.

University of North Texas System
Internal Audit Quality Assurance Review Report
March 2014

Prepared by:
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Executive Summary

Overview

As required by the Texas Internal Auditing Act (TIAA, TX Government Code, Chapter 2102), the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (IIA Standards),* and the *Government Auditing Standards* (*GAGAS*), an external quality assurance review (QAR) was conducted of the internal auditing activity at the University of North Texas System (UNTS).

An external quality assurance review, as part of a quality assurance program, is intended to provide reasonable and objective assurance to the governing board and the Chancellor that the internal audit work being performed by the UNTS Internal Audit Department (IA) meets the requirements of all appropriate professional standards.

The principal objectives of the review at UNTS were to assess whether the internal audit activity conforms to the Texas Internal Auditing Act and whether the audit work being performed complies with the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing,* and the United States General Accounting Office's (GAO) *Government Auditing Standards*, as required by the Texas Internal Auditing Act. Also during the review opportunities were identified that will enhance the functionality of the audit process and improve the value of the internal auditing activity at UNTS.

The scope of the review included a review and evaluation of:
- The audit department's communication with the Audit Committee of the Board of Regents and the UNTS Chancellor;

- The IA Department's independence and the objectivity of the audit work performed;

- Existing internal audit policies and procedures;

- The IA Department's risk assessment and annual audit planning process;

- The planning process for individual audit projects;

- The audit methodologies used in performing the audit work;

- A representative sample of audit workpaper files and reports;

- Workpaper documentation supporting the work performed;

- The support in the workpapers for the conclusions and recommendations in the audit reports;

- How the results of audit projects are communicated;

- The procedures for following up on audit recommendations; and

- The knowledge, skills, discipline, and training of the staff as well as the department's organizational structure.

This scope included the audit work conducted at the University of North Texas (UNT), UNT at Dallas (UNTD), the University of North Texas Health Science Center at Fort Worth (UNTHSC), and the UNT System (UNTS) building.

Interviews were conducted with: the Chair of the Audit Committee of the UNTS Board of Regents; the UNTS Chancellor; the Interim UNTS Vice Chancellor for Administration and Finance; the UNTS Vice Chancellor and General Counsel; the UNT President and the Vice President of Finance and Administration at UNT Denton; the UNT Dallas President and the Vice President of Finance and Administration; the UNTHSC President and the UNTHSC Chief Financial Officer at Fort Worth; the UNTS Chief Information Officer; the UNTS Chief Internal Auditor; and the audit staff.

As part of the preparation for the QAR, the Internal Audit management and staff prepared a self-study document that contained detailed documentation on the Internal Audit Department's policies and procedures. In addition, confidential surveys were sent to a representative sample of the department's audit customers and management. The responses to the survey were returned to the reviewer and a summary of the survey results and accompanying comments (without identifying the respondents) were furnished to the Chief Internal Auditor.

Opinion

The rating system used for expressing an opinion for this review provides for three levels of conformance:

- "Generally Conforms" (the best) means that the internal auditing activity has policies, procedures, and a charter in place, and follows practices that were judged to be in accordance with applicable professional standards and the TIAA; however, opportunities for improvement may exist.
- "Partially Conforms" means that while deficiencies in practice were found that deviated from professional standards, these deficiencies, while they might impair, did not prohibit, the internal auditing activity from carrying out its responsibilities.
- "Does Not Conform," means there that where deficiencies found in practices that were considered so significant as to seriously impair or prohibit the IA Department from carrying out its responsibilities.

Based on the work outlined above, it is the opinion of the reviewer that the internal audit activity at the University of North Texas System **generally conforms** to the Texas Internal Auditing Act, the *IIA Standards,* and the *Government Auditing Standards.* This opinion, representing the best possible evaluation, means that policies, procedures, and an internal audit charter are in place, and that the practices that are followed are providing reasonable assurance that the audit work conducted is in compliance with the requirements of the Texas Internal Auditing Act and all applicable professional standards.

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Richard H. Tarr, CISA, CIA

V. Internal Audit Plan for Fiscal Year 2017

The Fiscal Year 2017 Internal Audit Plan for the University of North Texas System Internal Audit Department was approved by the Board of Regents on August 18, 2016.

Internal Audit performs an annual audit plan that encompasses 21,500 hours which is approved by the UNT System Board of Regents. The audits are derived from a comprehensive risk assessment conducted with senior leadership, and includes risk-based audits (compliance, operational, financial, and IT), management reviews, and advisory services. Additionally, Internal Audit is co-sourcing with an external auditing firm to provide specific expertise required for technical audits.

The plan does not include projects specifically related to expenditure transfers, capital budget controls, or any other limitation or restriction in the General Appropriations Act.

This plan includes projects specifically related to contract management and other requirements of SB 20 (84th Legislature).

Additional projects areas that ranked high, but were not included in the Fiscal Year 2017 Audit Plan:

Audit Name	Component Institution			
	UNTS	UNT	UNTHSC	UNTD
Retirement Contributions Audit	X			
UNT International Student Sponsorships Review		X		
College of Visual Arts and Design Transitional Review		X		
Graduate School of Biomedical Sciences Financial Review			X	
School of Health Professions Financial Review			X	

Fiscal Year 2017 Annual Audit Plan

UNT SYSTEM
Internal Audit

Audit Committee

- Directives

Chief Audit Executive
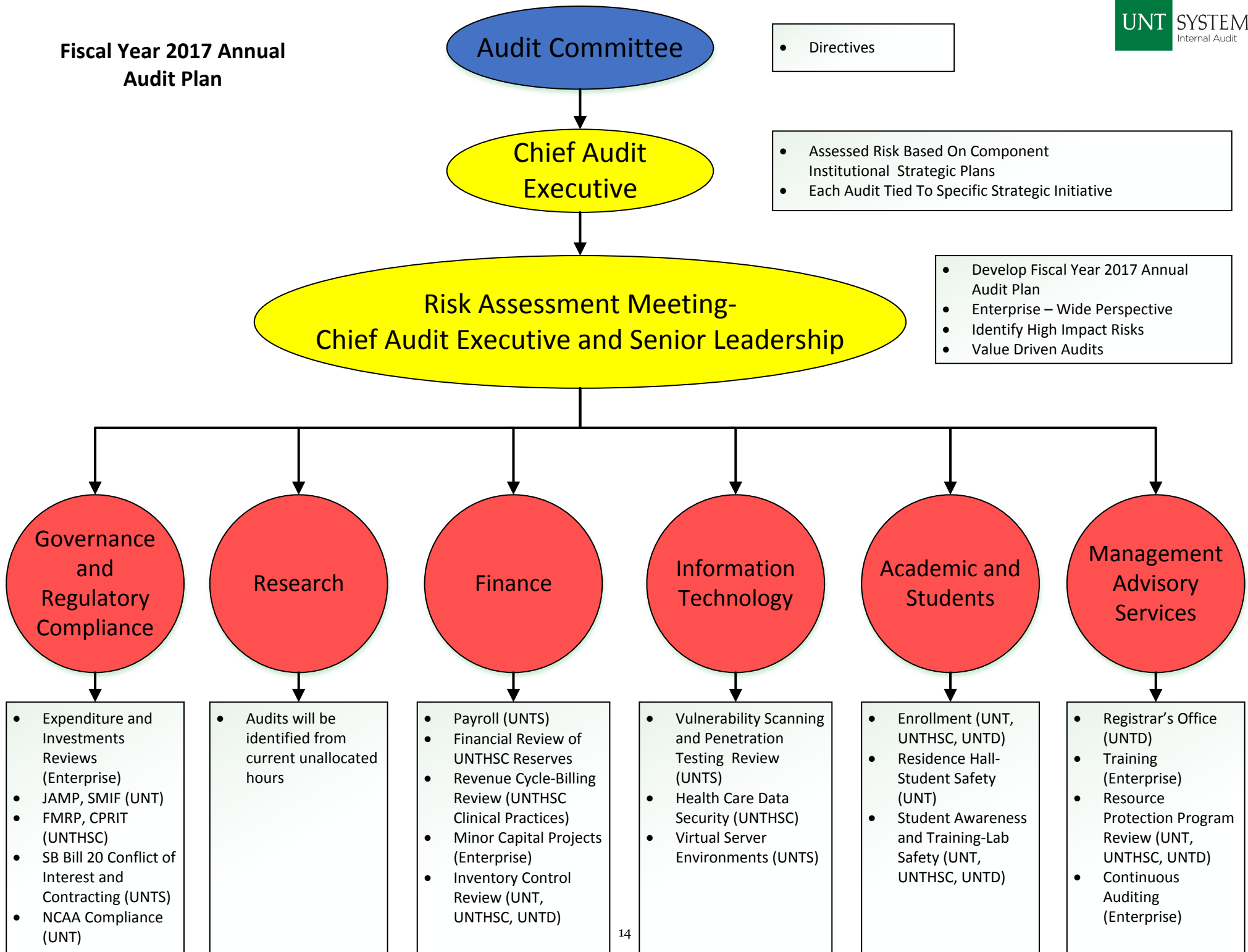
- Assessed Risk Based On Component Institutional Strategic Plans
- Each Audit Tied To Specific Strategic Initiative

Risk Assessment Meeting-Chief Audit Executive and Senior Leadership

- Develop Fiscal Year 2017 Annual Audit Plan
- Enterprise – Wide Perspective
- Identify High Impact Risks
- Value Driven Audits

Governance and Regulatory Compliance

- Expenditure and Investments Reviews (Enterprise)
- JAMP, SMIF (UNT)
- FMRP, CPRIT (UNTHSC)
- SB Bill 20 Conflict of Interest and Contracting (UNTS)
- NCAA Compliance (UNT)

Research

- Audits will be identified from current unallocated hours

Finance

- Payroll (UNTS)
- Financial Review of UNTHSC Reserves
- Revenue Cycle-Billing Review (UNTHSC Clinical Practices)
- Minor Capital Projects (Enterprise)
- Inventory Control Review (UNT, UNTHSC, UNTD)

Information Technology

- Vulnerability Scanning and Penetration Testing Review (UNTS)
- Health Care Data Security (UNTHSC)
- Virtual Server Environments (UNTS)

Academic and Students

- Enrollment (UNT, UNTHSC, UNTD)
- Residence Hall-Student Safety (UNT)
- Student Awareness and Training-Lab Safety (UNT, UNTHSC, UNTD)

Management Advisory Services

- Registrar's Office (UNTD)
- Training (Enterprise)
- Resource Protection Program Review (UNT, UNTHSC, UNTD)
- Continuous Auditing (Enterprise)

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				Component Institution					
Source	**Risk Area**	**Title of Audit**	**Description and Audit Objectives**	**System**	**UNT**	**UNTHSC**	**UNTD**	**Hours**	**Identified Risk**
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	300	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	400	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			150	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			200	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		150	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		200	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				200	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	300	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	400	Student Safety; Financial; Operational

University of North Texas System Internal Audit
Fiscal Year 2017 Annual Audit Plan

| Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	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				300	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		300	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 are in compliance with contract and regulatory requirements.			X		500	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	300	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				400	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		400	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				300	Information Technology Security; Safeguarding of Assets; Operational; Compliance with Policies; Reputational

Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	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	300	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	300	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	300	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	200	Compliance with Policies; Operational; Financial; Information Technology
IA	MANAGEMENT ADVISORY SERVICES	Continuous Auditing	Monitor data and identify 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	400	Financial; Operational;
MRA	NCAA	NCAA Compliance	Review to be determined in athletic compliances areas (e.g., coaching limits, student recruitment, coaching contracts, etc.).		X			200	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			400	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	400	Student Safety; Operational; Compliance with Policies; Reputational

Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	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 fiscal year 2017 to be responsive to managements' high risk and high impact areas (e.g., shared services, business process reviews, fraud hotline investigations, etc.).	X				1,225	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 fiscal year 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			3,650	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 fiscal year 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		3,650	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 fiscal year 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	2,475	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	200	Due Diligence
		Total Planned Audit Hours						18,500	
		REQ-IIA Professional Standards	Other Internal Audit Supplemental Activities (e.g., compliance steps required by IIA professional guidelines, service provided to committees and professional organizations, other services provided to component institutions, other activities related to IA leadership requirements)					3,000	
		Total Audit Hours						21,500	

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

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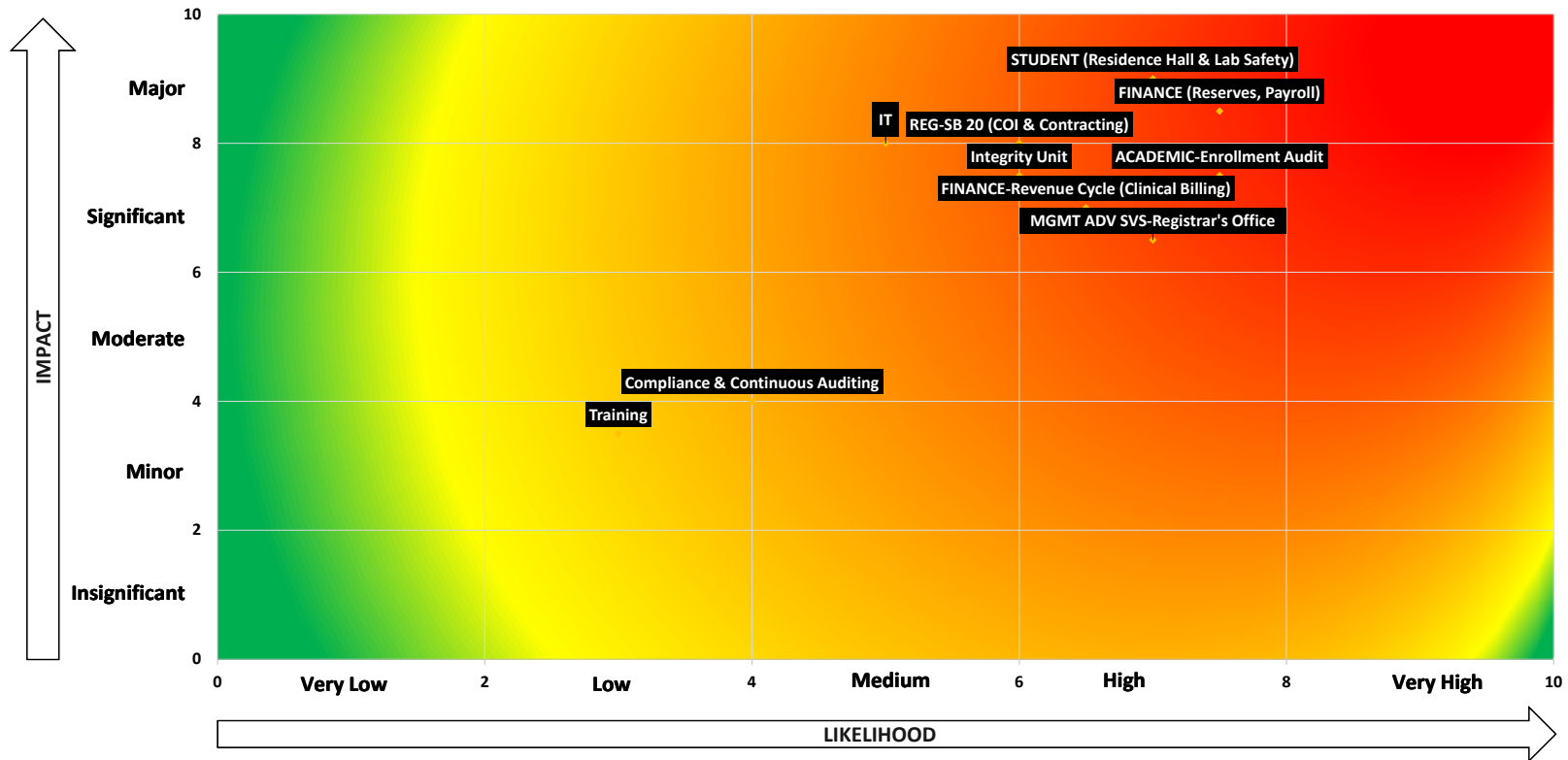
Heat Map Legend:

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

VI.   External Audit Services Procured in Fiscal Year 2016

External Audit of the Consolidated Annual Financial Report and Independent Auditors' Report, Grant Thornton, LLP

Independent Standard Review Report, Grant Thornton, LLP

Audit of CPRIT Grants, BKD LLP

NCAA Agreed-Upon Procedures, Merki & Associates P.C.

Benefits Funding Proportionality, PricewaterhouseCoopers LLP

Annual Actuarial Analysis and Report for UNT Health Self-Insurance Plan, Fred R. White Company, Inc.

VII.   Reporting Suspected Fraud and Abuse

To comply with the requirements of Section 7.09, Fraud Reporting, General Appropriations Act (84th Legislature), Article IX, each entity in the UNT System provides a reporting mechanism on its public website for suspected instances of fraud, waste, and abuse of state resources. The UNT System entities' websites include information on how to report suspected fraud and abuse.

The UNT System Internal Audit Department is responsible for compliance with Texas Government Code, Section 321.022, Coordination of Investigations. The State Auditor's Office is notified of all instances where we have reasonable cause to believe fraud, waste or abuse may have occurred.