UNT SYSTEM™
Internal Audit

State Auditor's Office Fiscal Year 2017 Annual Internal Audit Report

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

October 31, 2017

October 31, 2017

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 2017 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 2102) 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 Roe
        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 FY18 Internal Audit Plan is posted on the University of North Texas System Internal Audit Department website.

Once this State Auditor's Office FY17 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 audits conducted in accordance with the FY17 Internal Audit Plan.

Report Number	Title of Audit	Status	Report Date	Number of Findings
17-015	Minor Capital Projects	Final Draft Report		7
17-302	Financial Review of UNTHSC Reserves (outsourced-PwC)	Final Draft Report		3
17-303	Student-Managed Investment Fund (SMIF) (outsourced-PwC)	Final Draft Report		5
17-310	Scholarships Review (outsourced-PwC)	Final Draft Report		3
17-412	College of Music Transition Audit	Final Draft Report		10
17-413	Community Counseling Clinic Transition Audit	Final Draft Report		4
17-414	Classroom Support Services	Final Draft Report		4
17-415	International Travel	Final Draft Report		4
17-417	Lifelong Learning & Professional Development (LLPD) Business Process Audit	Final Draft Report		8
17-306, 17-307, 17-308	Enrollment Audit (outsourced-PwC)	In-Process		N/A
17-309	IT Risk Assessment (outsourced-PwC)	In-Process		N/A
17-001, 17-002, 17-003, 17-004	Chancellor's/President's Expenditure Reviews	Issued	October 31, 2016	2
17-005	Investments	Issued	February 2, 2017	3
17-007	Joint Admissions Medical Program (JAMP)	Issued	October 27, 2016	0
17-008	THECB Plaza Medical Center Family Medicine Residency Program (FRMP)	Issued	February 1, 2017	0
17-009	Conflict of Interest	Issued	July 28, 2017	0
17-010	Status Report - Senate Bill 20 Mandated Internal Audit Assessment	Issued	July 28, 2017	0
17-021	Residence Hall - Student Safety Practices	Issued	July 28, 2017	17
17-301	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced-BKD)	Issued	August 31, 2017	1
17-304	THECB Faculty Development Grant (outsourced-PwC)	Issued	April 26, 2017	3
17-401	Graduate School of Biomedical Sciences (GSBS)	Issued	July 28, 2017	5
17-403	Texas College of Osteopathic Medicine Financial Review (TCOM)	Issued	July 28, 2017	7

17-407	Retirement Contributions	Issued	July 28, 2017	10
17-408	College of Visual Arts and Design Transition Audit	Issued	February 7, 2017	4
17-409	International Student Sponsorships Review	Issued	July 28, 2017	11
N/A	Health Care Data Security - assigned to a work group	Value Added Resource to Management	N/A	N/A
N/A	Resource Protection Program Review	Value Added Resource to Management	N/A	N/A
N/A	Inventory Control Review	Value Added Resource to Management	N/A	N/A
N/A	Revenue Cycle-Billing Cycle	Cancelled	N/A	N/A
N/A	Virtual Server Environments	Cancelled	N/A	N/A
N/A	Vulnerability Scanning & Penetration Testing Review	Cancelled	N/A	N/A
N/A	Student Awareness and Training - Lab Safety	Defer to FY18	N/A	N/A
N/A	NCAA Compliance	Defer to FY18	N/A	N/A

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	8	42	(25)	25	25	0
UNT	6	122	(22)	106	105	1
UNTHSC	8	56	(23)	41	37	4
UNTD	0	47	(5)	42	41	1
Total	22	267	(75)	214	208	6

II. Internal Audit Plan for Fiscal Year 2017

FY17 Planned Audits as Submitted in FY16 SAO Annual Report

Report Number	Audit	Status	Report Date	Component Institution
17-015	Minor Capital Projects	Final Draft Report		UNT
17-019	Registrar's Office Business Process	Final Draft Report		UNT Dallas
17-302	Financial Review of UNTHSC Reserves (outsourced-PwC)	Final Draft Report		UNTHSC
17-303	Student-Managed Investment Fund (SMIF) (outsourced-PwC)	Final Draft Report		UNT
17-310	Scholarships Review (outsourced-PwC)	Final Draft Report		UNT Dallas
17-412	College of Music Transition Audit	Final Draft Report		UNT
17-413	Community Counseling Clinic Transition Audit	Final Draft Report		UNT Dallas
17-414	Classroom Support Services	Final Draft Report		UNT
17-415	International Travel	Final Draft Report		UNT
17-417	Lifelong Learning & Professional Development (LLPD) Business Process Audit	Final Draft Report		UNT
17-306, 17-307, 17-308	Enrollment Audit (outsourced-PwC)	In-Process		UNT, UNTHSC, UNT Dallas
17-309	IT Risk Assessment (outsourced-PwC)	In-Process		UNTS
16-102	IT Privacy and Data Protection	Issued	September 8, 2016	UNTS, UNTHSC, UNT Dallas
16-306	Selected Grants Review - National Science Foundation	Issued	September 7, 2016	UNT
16-401	Toulouse Graduate School	Issued	October 26, 2016	UNT
16-408	Athletics Department - Business Process Review	Issued	October 26, 2016	UNT
17-001, 17-002, 17-003, 17-004	Chancellor's/President's Expenditure Reviews	Issued	October 31, 2016	UNTS, UNT, UNTHSC, UNT Dallas
17-005	Investments	Issued	February 2, 2017	UNTS, UNT, UNTHSC, UNT Dallas
17-007	Joint Admissions Medical Program (JAMP)	Issued	October 27, 2016	UNT
17-008	THECB Plaza Medical Center Family Medicine Residency Program (FRMP)	Issued	February 1, 2017	UNTHSC
17-009	Conflict of Interest	Issued	July 28, 2017	UNTS
17-010	Status Report - Senate Bill 20 Mandated Internal Audit Assessment	Issued	July 28, 2017	UNTS, UNT, UNTHSC, UNT Dallas
17-021	Residence Hall - Student Safety Practices	Issued	July 28, 2017	UNT
17-301	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced-BKD)	Issued	August 31, 2017	UNTHSC
17-304	THECB Faculty Development Grant (outsourced-PwC)	Issued	April 26, 2017	UNTHSC
17-401	Graduate School of Biomedical Sciences (GSBS)	Issued	July 28, 2017	UNTHSC
17-403	Texas College of Osteopathic Medicine Financial	Issued	July 28, 2017	UNTHSC

	Review (TCOM)			
17-407	Retirement Contributions	Issued	July 28, 2017	UNTS
17-408	College of Visual Arts and Design Transition Audit	Issued	February 7, 2017	UNT
17-409	International Student Sponsorships Review	Issued	July 28, 2017	UNT
N/A	Health Care Data Security - assigned to a work group	Value Added Resource to Management	N/A	UNTHSC
N/A	Resource Protection Program Review	Value Added Resource to Management	N/A	UNT, UNTHSC, UNT Dallas
N/A	Inventory Control Review	Value Added Resource to Management	N/A	UNT, UNTHSC, UNT Dallas
N/A	Revenue Cycle-Billing Cycle	Cancelled	N/A	UNTHSC
N/A	Virtual Server Environments	Cancelled	N/A	UNTS
N/A	Vulnerability Scanning & Penetration Testing Review	Cancelled	N/A	UNTS
N/A	Student Awareness and Training - Lab Safety	Defer to FY18	N/A	UNT, UNTHSC, UNT Dallas
N/A	NCAA Compliance	Defer to FY18	N/A	UNT

FY16 Audit Reports Issued in FY17

Report Number	Audit	Status	Report Date	Component Institution
---	Benefits Proportionality (outsourced -PwC)	Issued	August 22, 2016	UNT, UNTHSC, UNT Dallas
16-103, 16-109	IT Change Management	Issued	February 6, 2017	UNT, UNTHSC
16-108	Student Data Access (FY16 AAP)	Issued	July 28, 2017	UNTS
16-303	Endowments (outsourced - PwC)	Issued	February 6, 2017	UNT

SAO Investigations Found to be Substantiated

Report Number	Audit	Status	Report Date	Component Institution
16-215	UNT Facilities Worker Investigation	Final Draft Report		UNT
17-206	Facilities Time Accounting II	Final Draft Report		UNT
17-227	College of Visual Arts and Design Art Lab Commercial Art	Final Draft Report		UNT
17-239	College of Visual Arts and Design Adjunct	Final Draft Report		UNT
1514	Equity and Diversity Grant Application	Issued	February 2, 2017	UNT
16-213	UNT Housing Dual Employment	Issued	September 12, 2016	UNT
16-217	UNT Facilities Dual Employment Investigation	Issued	September 12, 2016	UNT
16-222	Student Affairs Testing Center Cash Loss	Issued	February 2, 2017	UNT

16-223	UNTHSC CIO Reorg Investigation	Issued	October 3, 2016	UNTHSC
16-224	UNT COI Payroll, Fee & Other	Issued	May 15, 2017	UNT
16-231	Criminal Justice NTFA Reimbursement	Issued	September 22, 2016	UNT
16-232	UNT Astronomy Lease Investigation	Issued	October 26, 2016	UNT
16-234	UNT Biology Agreement	Issued	February 2, 2017	UNT
16-242	Facilities Time & Comp	Issued	February 2, 2017	UNT
16-244	IT Student Time	Issued	February 2, 2017	UNT
17-207	URCM Promo Item Competition	Issued	May 15, 2017	UNT
17-213	UNT Parking Student Employee	Issued	May 15, 2017	UNT

Benefits Proportionality:

Benefits Proportionality Audits were performed to address the audit requirement prescribed in Rider 8, page III-41, the General Appropriations Act (84th Legislature) for the time period January 2014 to September 2016 (UNT) and July 2014 to September 2016 (UNTHSC and UNT Dallas). The audit requirement prescribed in Rider 8, page III-44, the General Appropriations Act (85th Legislature) for FY17 will be included in the FY18 audit plan.

Texas Education Code 51.9337(h):

As required by TEC 51.9337(h), Internal Audit submitted a status report to the State Auditor's Office on July 28, 2017, which assessed the work performed in FY17. A final assessment report will be issued during FY18.

III. Consulting Services and Nonaudit Services Completed

Title: Advisory Services for PeopleSoft Grants, Billing and Accounts Receivable Implementation
Number: N/A
Dates: FY17
Objective: Implement the Grants, Billing and Accounts Receivable to the PeopleSoft suite.

Title: NextGen Migration Advisory Services
Number: 17-101 HSC
Dates: April 2017 – August 2017
Objective: Provide audit and IT security consulting services for the migration of NextGen from an internally hosted solution to a fully hosted external solution.

Title: UNTHSC Compliance Committee
Number: N/A
Dates: FY17
Objective: Serving on committee under the auspices of Desiree Ramirez, Chief Compliance and Enterprise Risk Officer.

Title: UNT Institutional Compliance Coordinating Committee
Number: N/A
Dates: FY17
Objective: Serving on committee under the auspices of Steve Hill, Interim Director of Institutional Compliance

Title: UNTHSC Information Security/Privacy Committee
Number: N/A
Dates: FY17
Objective: Provide audit and IT security consulting services as a member of UNTHSC Information Security/Privacy Committee.

Title: UNT Technical Architecture Group
Number: N/A
Dates: FY17
Objective: Provide audit and IT security consulting services as a member of UNT Technical Architecture Group.

Title: UNT Committee on Student Conduct
Number: N/A
Dates: FY17
Objective: Serve on the UNT Committee on Student Conduct as needed.

Title: Status Report - Senate Bill 20 Mandated Internal Audit Assessment
Number: 17-010
Dates: FY17
Objective: Serve on the enterprise-wide taskforce to ensure all statutory requirements are implemented.

IV.   External Quality Assurance Review (Peer Review)

In accordance with the Texas Internal Auditing Act, Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing (Standards), and the Generally Accepted Government Auditing Standards, a quality assurance review (QAR) was conducted for the UNT System Internal Audit Department. During FY17 a QAR self-assessment team, consisting of three members of the UNT System Internal Audit Department, conducted a self-assessment review and provided a report to the UNT System Chief Audit Executive. This report is being validated by an independent, external review team comprised of reviewers from University of Georgia, The University of Tennessee, and University of Texas at Dallas. The QAR is being finalized with an estimated completion date of November 2017.

V.   Internal Audit Plan for Fiscal Year 2018

The Fiscal Year 2018 Internal Audit Plan for the University of North Texas System Internal Audit Department was approved by the Board of Regents on August 17, 2017.

The audits are derived from a comprehensive risk assessment conducted with senior leadership, and includes risk-based audits (compliance, operational, financial, and IT) and management reviews. Additionally, Internal Audit is co-sourcing with an external auditing firm to provide specific expertise required for technical audits.

The audit requirement prescribed in Rider 8, page III-44, the General Appropriations Act (85th Legislature) for FY17 will be included in the FY18 audit plan.

This plan includes projects specifically related to contract management.

Additional projects areas that ranked high, but were not included in the FY18 Audit Plan:

Audit Name	Component Institution			
	UNTS	UNT	UNTHSC	UNTD
College of Education Dean's Transition		X		
Construction	X		X	
Property Management			X	
UNTHSC School of Medicine			X	

Fiscal Year 2018 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 FY18 Annual Audit Plan
- Enterprise – Wide Perspective
- Identify High Impact Risks
- Value Driven Audits

Governance and Regulatory Compliance

- CPRIT, FMRP (UNTHSC)
- Expenditure, Investments Reviews (Enterprise)
- NCAA Compliance (UNT)
- SB Bill 20 Mandated (Enterprise)
- SMIF (UNT)
- THECB Faculty Dev Center Award (UNTHSC)

Research

- Effort Reporting Process (UNT, UNTHSC)
- Grants and Contracts Compliance (UNT, UNTHSC)

Finance

- College of Pharmacy Financial Review (UNTHSC)
- Minor Capital Projects Construction (UNT)
- Provost Transition Audit (UNT)
- School of Health Professions Financial Review (UNTHSC)

Information Technology

- Business Process Continuity (UNT, UNTHSC, UNT Dallas)
- IT Asset Inventory Controls (UNT Dallas)

Academic and Students

- Health Center/ Counseling Center (UNT, UNTHSC)
- Scholarships Review (UNTHSC)
- Student Awareness and Training-Lab Safety (UNT, UNTHSC, UNT Dallas)

Management Advisory Audit Projects

- Integrity Unit (Enterprise)
- IA Facilitating Workgroups, Providing Training, and Serving as Subject Matter Experts

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University of North Texas System Internal Audit									
FY18 Annual Audit Plan									
Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					System	UNT	UNTHSC	UNT Dallas	
FY17 Audits Requiring FY18 Audit Hours:									
INTERNAL AUDIT	FINANCIAL	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.	100		X			Financial; Operational; Contract Compliance; Economical and Efficient Use of Resources
MGMT REQUEST	FINANCIAL	Community Counseling	Determine whether patient health information was adequately protected in accordance with the Texas Medical Records Privacy Act (Texas House Bill 300/ Texas Health & Safety Code § 181) and if cash handling processes/procedures provide an adequate system of internal controls to help ensure compliance with	100				X	Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	ACADEMIC	Scholarships Review (outsourced)	Assess the effectiveness of processes in place for the management of scholarships and related funds.	100				X	Compliance; Reputational; Operational
			Total FY18 Hours Allocated for FY17 Audit Projects	**300**					
FY18 Hours Allocated for FY18 Audit Projects:									
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.	400	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.	400	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
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.	150		X			Compliance; Reputational; Financial; Operational
REQ-REG AGENCY	COMPLIANCE	THECB Faculty Development Center Award	Assess whether THECB program funds were expended in accordance with the terms and conditions of the FDC State Grant Agreement requirements and the FMRP Guidelines for Funding Operational and Support Programs.	300			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.	300			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.	50			X		Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Senate Bill 20 Mandated Internal Audit	Internal Audit is required under SB 20 regulations to review contracting process for adherence to requirements on annual basis.	500	X				Compliance; Reputational; Financial; Operational; Regulatory

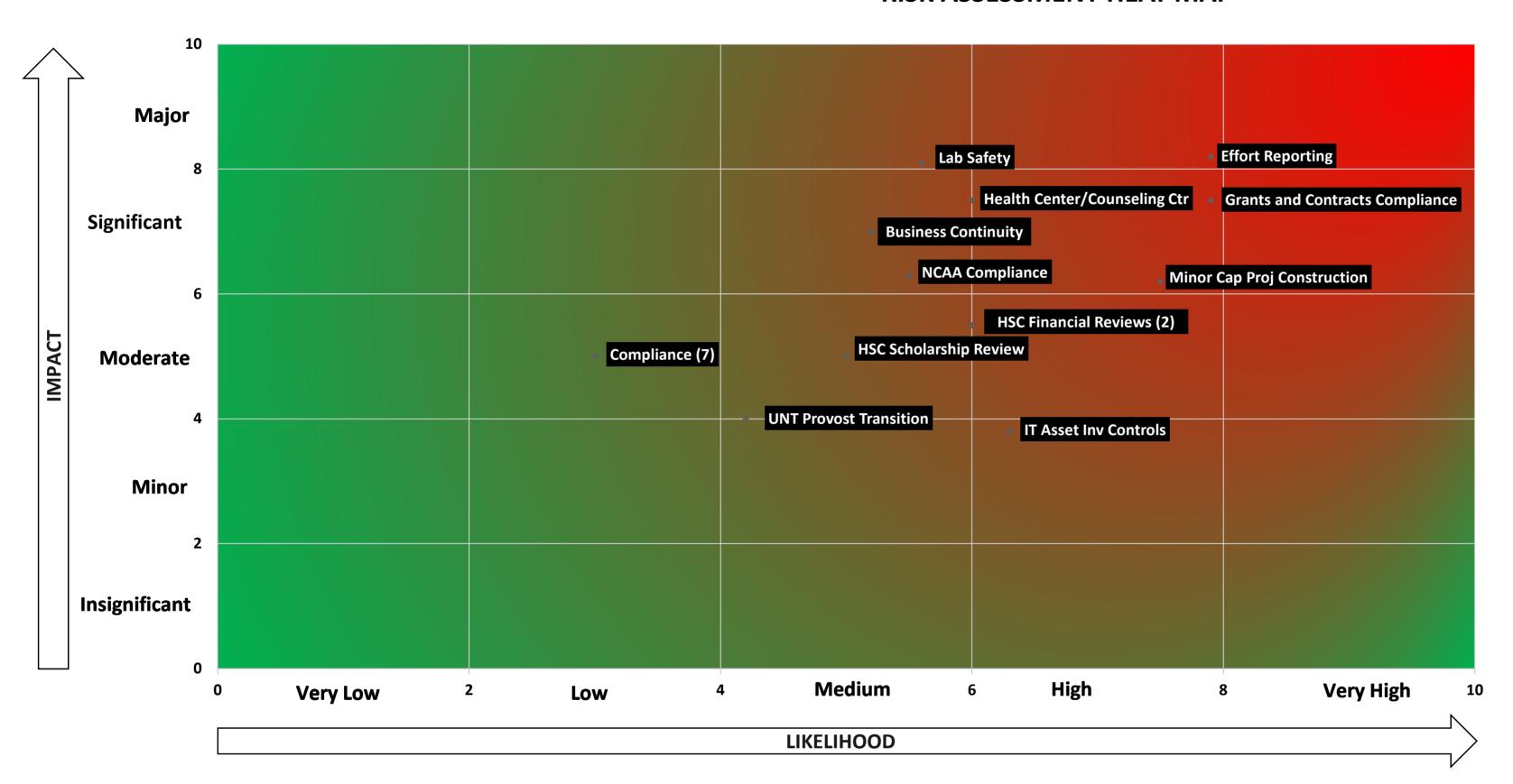| Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	ACADEMIC	Scholarships Review	Review scholarships for compliance with purpose, eligibility requirements, University/System policies, state and federal laws.	200			X		Compliance; Reputational; Operational
MGMT REQUEST	ACADEMIC	Health Center/Counseling Center Audit	Determine whether patient health information is adequately protected in accordance with System/University policies, and state and federal laws. Determine whether cash handling processes and procedures provide adequate internal control to ensure compliance with System/Universities policies.	400		X			Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	FINANCIAL	Provost Transition Audit	Review processes, procedures and controls for cashing handling, purchasing, travel expenses, and asset inventory is in compliance with University/System policies and regulations.	250		X			Compliance; Reputational; Financial; Operational
MGMT REQUEST	FINANCIAL	School of Health Professions Financial Review	The purpose of this audit will focus on processes pertaining to revenue received, how they are expended, and whether it is allocated appropriately.	400			X		Financial; Operational
MGMT REQUEST	FINANCIAL	College of Pharmacy Financial Review	The purpose of this audit will focus on processes pertaining to revenue received, how they are expended, and whether it is allocated appropriately.	400			X		Financial; Operational
INTERNAL AUDIT	FINANCIAL	Minor Capital Projects Construction Audit	Review the controls related to construction processes including vendor bidding, insurance, change orders, and project funding.	600		X			Compliance; Reputational; Financial; Operational;
INTERNAL AUDIT	INFORMATION TECHNOLOGY	IT Asset Inventory Controls Audit	Determine if IT equipment purchased for UNT Dallas courses is tracked, maintained, and kept current with the latest software to ensure the security and protection of University data and IT assets.	450				X	Financial; Asset Misappropriation; Economical and Efficient Use of Resources; Safeguarding of Assets
INTERNAL AUDIT	INFORMATION TECHNOLOGY	Business Continuity Planning	This audit will focus on the maturity and readiness of Business Continuity Planning (BCP) at the academic environment level of IT.	650		X	X	X	Information Technology Security; Operational; Compliance with Policies; Reputational
INTERNAL AUDIT	NCAA	NCAA Compliance	Review to be determined in athletic compliances areas (e.g., coaching limits, student recruitment, coaching contracts, etc.).	200		X			Regulatory; Reputational; Compliance with Policies; Operational
MGMT REQUEST	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.	900		X	X	X	Student Safety; Operational; Compliance with Policies; Reputational
INTERNAL AUDIT	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	600		X	X		Compliance; Reputational; Financial; Operational;
INTERNAL AUDIT	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	500		X	X		Compliance; Reputational; Financial; Operational;

Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					System	UNT	UNTHSC	UNT Dallas	
INTERNAL AUDIT	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 FY18 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	1,300	X				Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	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 FY18 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	1,500		X			Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	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 FY18 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	800			X		Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNT Dallas		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY18 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	1,500				X	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-IT		Represents audit hours designated for institutional use but individual IT audit projects and data mining have not been determined. IT audit projects will be identified over the course of FY18 to be responsive to managements' high risk and high impact areas.	3,720	X	X	X	X	Information Technology Security; IT System Network Authorization and Access; Operational; Compliance with Policies; Reputational
INTERNAL AUDIT	INTEGRITY UNIT	Integrity Unit - Annual Audit Hours	Investigates allegations of fraud, waste, abuse, ethical misconduct and operational inefficiencies received directly by Internal Audit and through referrals by the State Auditor's Office and the UNT and UNTHSC hotlines. Investigators work in tandem with the Office of General Counsel, University police departments, Human Resources, University Compliance Offices, and university financial and management functions to ensure control weaknesses are addressed.	2,912	X	X	X	X	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets; Employee Misconduct, Conflicts of Interest; Reputational
REG-IIA PROFESSIONAL STANDARDS		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.	612	X	X	X	X	Due Diligence
		Total FY18 Hours Allocated for FY18 Audit Projects		**19,994**					
		Grand Total of FY18 Hours Allocated for Audit Projects		**20,294**					

Source	Functional Area	Title of Audit	Description and Audit Objectives	Hours in Total	Component Institution				Identified Risk
					System	UNT	UNTHSC	UNT Dallas	
FY18 Hours Allocated for Value-Added Management Services:									
		IA Quality Assurance Review Recommendation Triage	Implementation of recommendations resulting from Quality Assurance Review performed in FY17. (E.G. audit process improvements, department policies and procedures, and audit methodologies)	200					
		Workgroup - Payroll and Employee Benefit Process Review	Work to evaluate the Payroll and Employee Benefit Processes resulting from Gradient Solutions work presented at Aug BOR meeting.	40					
		Workgroup - Journal Entry Process Review	Work with Finance team to evaluate the Journal Entry process to ensure process alignment with generally accepted accounting principles.	60					
		Workgroup - PCI DSS Compliance Process Review	Work with cross functional team to establish a PCI program is viable and sustainable.	80					
		Workgroup - UNTHSC Information Security/Privacy Committee	Provide audit and IT security consulting services as a member of UNTHSC Information Security/Privacy Committee.	40					
		Workgroup - Co-Sourcing with PwC	Work closely with PwC on Risk Assessment process and any/all audits that result from the process. Provide consulting, guidance and direction.	40					
		Workgroup - NextGen	Post implementation follow-up. Implementation scheduled for July 2017.	75					
		Workgroup - Clinical Billing, Coding and Revenue Cycle Compliance Committee/UNTHSC Compliance Committee	Reviews billing revenue cycle of UNTHSC, denials, number of days in accounts receivable. Reviews trends to discuss, monitor and determine how improvements can be made on a monthly to annual bases. Also identifies process breakdowns.	50					
		UNT Workgroups/Committee/Staff Meetings	Participation and involvement in work groups, committees, and staff meetings with UNT management.	83					
		Workgroup - UNT Academic Computing Workgroup	Lead a workgroup of IT representatives from each college focusing on the achievement of IT objectives in support of UNT strategic goals.	40					
		Workgroup - PeopleSoft Grants Billing and Account Receivable	Provide audit and process oversight services to ensure system development life cycle processes are in place and are being followed.	40					
		Resource/Training - Subject Matter Experts to Stakeholders on Business and IT Processes, Policies and Procedures	Provide insight, consulting and advisory services to Stakeholders across the Enterprise.	325					
		Resource - Academic Course Faculty Supplemental Presentation	Present and facilitate discussion for the UNT Internal Audit ACCT 5450 Class.	10					
		Resource - Shared Services Presentation	Group participation in Business Shared Services Financial Management Overview.	19					
		Ad Hoc Requests from Management	Unplanned support and training requests throughout FY18.	362					
		Total FY18 Hours Allocated for Value-Added Management Services		**1,464**					
		Total FY18 Hours Allocated for Audit Projects and Value-Added Management Services		**21,758**					

UNT SYSTEM Internal Audit

UNIVERSITY OF NORTH TEXAS SYSTEM INTERNAL AUDIT
FY18 ANNUAL AUDIT PLAN
RISK ASSESSMENT HEAT MAP

IMPACT

10

Major

8

Significant

6

Moderate

4

Minor

2

Insignificant

0

- Lab Safety
- Effort Reporting
- Health Center/Counseling Ctr
- Grants and Contracts Compliance
- Business Continuity
- NCAA Compliance
- Minor Cap Proj Construction
- HSC Financial Reviews (2)
- Compliance (7)
- HSC Scholarship Review
- UNT Provost Transition
- IT Asset Inv Controls

| 0 | Very Low | 2 | Low | 4 | Medium | 6 | High | 8 | Very High | 10 |

LIKELIHOOD

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 2017

External Audit of the System's Financial Statements, Grant Thornton, LLP

Audit of Cancer Prevention and Research Institute of Texas Grants, BKD LLP

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

Internal Audit Co-Sourced Engagements, 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 (85th Legislature), page IX-38, 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.