



SYSTEM<sup>TM</sup>  
Internal Audit

# State Auditor's Office Fiscal Year 2019 Annual Internal Audit Report

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

October 16, 2019

Internal Audit

Tracy C. Grunig, *Chief Audit Executive*

October 16, 2019

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

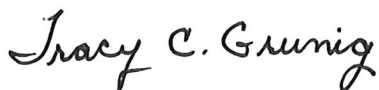
Dear Governor Abbott:

We are pleased to present the State Auditor's Office Fiscal Year 2019 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, 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 FY20 Internal Audit Plan is posted on the University of North Texas System Internal Audit Department website.

Once this State Auditor's Office FY19 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 FY19 Internal Audit Plan.

<b>Report Number</b>	<b>Title of Audit</b>	<b>Status</b>	<b>Report Date</b>	<b>Number of Findings</b>
19-005	Investments	Issued	12/19/2018	0
19-001	Chancellor's Expenditure Review	Issued	2/18/2019	3
19-002	UNT President's Expenditure Review	Issued	2/18/2019	0
19-003	UNTHSC President's Expenditure Review	Issued	2/18/2019	0
19-004	UNT Dallas President's Expenditure Review	Issued	2/18/2019	0
19-026	EIS Role Based Access	Issued	2/18/2019	7
19-032	External Audit Fieldwork Assistance - Grant Thornton	Issued	N/A	N/A
19-011	Federal Reporting	Issued	5/28/2019	6
19-017	Libraries Dean Transition	Issued	5/28/2019	4
19-020	Self-Funded Enterprise Departments	Issued	5/28/2019	4
19-016	College of Health and Public Service Dean Transition	Issued	5/28/2019	5
19-015	College of Merchandising, Hospitality & Tourism Dean Transition	Issued	5/28/2019	4
19-058	UNT Dallas Financial Aid Processes	Issued	5/28/2019	15
N/A	Control Self-Assessment – Asset Management & Human Resources	Issued	N/A	N/A
19-009	THECB Facilities Certification	Issued	3/27/2019	0
19-029	UNTHSC Security Camera	Issued	8/19/2019	8
19-040	UNT Dallas Effort Reporting Process	Issued	8/19/2019	0
19-037	UNT Dallas Grants and Contracts	Issued	8/19/2019	2

	Compliance			
19-055	Residence Hall Key Card Access	Issued	8/19/2019	4
19-007	Senate Bill 20 Mandated Internal Audit	Issued	8/19/2019	2
19-008	Student-Managed Investment Fund (SMIF)	Issued	8/19/2019	5
19-077	UNT Dallas TRIO Program Desk Review	Issued	N/A	
19-060	UNTHSC Correcting Journal Entries	Final Draft Report November 2019 AC		
19-028	Data Classification and Protection of Information	Final Draft Report November 2019 AC		
19-006	Benefits Proportionality	Final Draft Report November 2019 AC		
19-027	System Accessibility and Availability Uptime	Final Draft Report November 2019 AC		
19-035	UNT Grants and Contracts Compliance	Final Draft Report November 2019 AC		
19-036	UNTHSC Grants and Contracts Compliance	Final Draft Report November 2019 AC		
19-038	UNT Effort Reporting Process	Final Draft Report November 2019 AC		
19-039	UNTHSC Effort Reporting Process	Final Draft Report November 2019 AC		
19-079	College of Engineering Dean Transition	Final Draft Report November 2019 AC		
19-062	UNT Dallas Caruth Police Institute Transition	Drafting Report		
19-021	College of Law Business Processes	Drafting Report		
	Office of Innovative Continuing Education Delivering Outcomes (INCEDO) - Course Development / Fee Revenue & Operational Audit	Deferred to FY20		
	Disaster Recovery	Deferred to FY20		

	School of Medicine Review	Deferred to FY20		
	Student Fees	Deferred to FY20		
	Physician Compensation Model	Deferred to FY20		
	Data Validation Controls - Employee Benefits (TRS/ORP)	Deferred		
	Employee Benefits Percentage Deductions	Deferred		
	Data Validation Controls - (Vendor, HR, payroll)	Deferred		
	Employee Benefits Reconciliation Ad-Hoc Committee	Deferred		
	Tuition Revenue Recognition Enterprise Wide - Pilot Program	Deferred		
	Export and DOD Grant Compliance Audit	Deferred		
	Training and Education Outreach Services - New Business Manager Orientation	On-going		
	Microbiology, Immunology, and Genetics Transition	Cancelled		
	Psychology Clinic	Cancelled		
	Enterprise Review of Policy Framework	Cancelled		
	Revenue Streams Enterprise Wide	Cancelled		
	Enterprise Risk Management	Ongoing		
	Facilitation of Co-Sourcing IT & Internal IT Projects	Ongoing		
	Investigations	Ongoing		
	Follow-Up of Prior Audits	Ongoing		

### 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	5	39	(32)	12	9	3
UNT	14	148	(159)	3	3	0
UNTHSC	31	53	(63)	21	20	1
UNTD	47	60	(81)	26	17	9
<b>Total</b>	97	300	(335)	62	49	13

## II. Internal Audit Plan for Fiscal Year 2019

FY19 Planned Audits as Submitted in FY18 SAO Annual Report

Report Number	Audit	Status	Report Date
19-005	Investments	Issued	12/19/2018
19-001	Chancellor's Expenditure Review	Issued	2/18/2019
19-002	UNT President's Expenditure Review	Issued	2/18/2019
19-003	UNTHSC President's Expenditure Review	Issued	2/18/2019
19-004	UNT Dallas President's Expenditure Review	Issued	2/18/2019
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19-032	External Audit Fieldwork Assistance - Grant Thornton	Issued	N/A
19-011	Federal Reporting	Issued	5/28/2019
19-017	Libraries Dean Transition	Issued	5/28/2019
19-020	Self-Funded Enterprise Departments	Issued	5/28/2019
19-016	College of Health and Public Service Dean Transition	Issued	5/28/2019
19-015	College of Merchandising, Hospitality & Tourism Dean Transition	Issued	5/28/2019
19-058	UNT Dallas Financial Aid Processes	Issued	5/28/2019
N/A	Control Self-Assessment – Asset Management & Human Resources	Issued	N/A
19-009	THECB Facilities Certification	Issued	3/27/2019
19-029	UNTHSC Security Camera	Issued	8/19/2019
19-040	UNT Dallas Effort Reporting Process	Issued	8/19/2019
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19-007	Senate Bill 20 Mandated Internal Audit	Issued	8/19/2019
19-008	Student-Managed Investment Fund (SMIF)	Issued	8/19/2019
19-077	UNT Dallas TRIO Program Desk Review	Issued	N/A
19-060	UNTHSC Correcting Journal Entries	Final Draft Report November 2019 AC	
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		AC	
<b>19-006</b>	Benefits Proportionality	Final Draft Report November 2019 AC	
<b>19-027</b>	System Accessibility and Availability Uptime	Final Draft Report November 2019 AC	
<b>19-035</b>	UNT Grants and Contracts Compliance	Final Draft Report November 2019 AC	
<b>19-036</b>	HSC Grants and Contracts Compliance	Final Draft Report November 2019 AC	
<b>19-038</b>	UNT Effort Reporting Process	Final Draft Report November 2019 AC	
<b>19-039</b>	HSC Effort Reporting Process	Final Draft Report November 2019 AC	
<b>19-079</b>	College of Engineering Dean Transition	Final Draft Report November 2019 AC	
<b>19-062</b>	UNT Dallas Caruth Police Institute Transition	Drafting Report	
<b>19-021</b>	College of Law Business Processes	Drafting Report	
	Office of Innovative Continuing Education Delivering Outcomes (INCEDO) - Course Development / Fee Revenue & Operational Audit	Deferred to FY20	
	Disaster Recovery	Deferred to FY20	
	School of Medicine Review	Deferred to FY20	
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	Physician Compensation Model	Deferred to FY20	
	Data Validation Controls - Employee Benefits (TRS/ORP)	Deferred	
	Employee Benefits Percentage Deductions	Deferred	
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	Employee Benefits Reconciliation Ad-Hoc Committee	Deferred	

	Tuition Revenue Recognition Enterprise Wide - Pilot Program	Deferred	
	Export and DOD Grant Compliance Audit	Deferred	
	Training and Education Outreach Services - New Business Manager Orientation	On-going	
	Microbiology, Immunology, and Genetics Transition	Cancelled	
	Psychology Clinic	Cancelled	
	Enterprise Review of Policy Framework	Cancelled	
	Revenue Streams Enterprise Wide	Cancelled	
	Enterprise Risk Management	Ongoing	
	Facilitation of Co-Sourcing IT & Internal IT Projects	Ongoing	
	Investigations	Ongoing	
	Follow-Up of Prior Audits	Ongoing	

#### FY18 Audit Reports Issued in FY19

Report Number	Audit	Status	Report Date
<b>18-021</b>	UNT Grants and Contracts Compliance	Issued	11/19/2018
<b>18-022</b>	UNT Effort Reporting Process	Issued	11/19/2018
<b>18-410</b>	Home Instruction for Parents of Preschool Youngsters (HIPPY)	Issued	11/19/2018
<b>18-417</b>	Kristin Farmer Autism Center	Issued	11/19/2018
<b>18-021</b>	UNTHSC Grants and Contracts Compliance	Issued	11/19/2018
<b>18-022</b>	UNTHSC Effort Reporting Process	Issued	11/19/2018
<b>18-416</b>	UNT Financial Aid Processes	Issued	2/18/2019
<b>18-411</b>	Home Instruction For Parents of Preschool Youngsters (HIPPY) Management Advisory	Issued	2/18/2019
<b>18-412</b>	Security Camera	Issued	2/18/2019

Other management advisory services and value-added services were provided to management. These audit efforts expended on management advisory service projects not resulting in an audit report are not included in the list shown above.

#### Benefits Proportionality:

Benefits Proportionality Audits were performed to address the audit requirement prescribed in Rider 8, page III-45, the General Appropriations Act (85th Legislature). The audit requirement



prescribed in Rider 8, page III-45, the General Appropriations Act (85th Legislature) is included in the FY20 audit plan.

Texas Education Code 51.9337(h):

As required by TEC 51.9337(h), Internal Audit submitted a report to the State Auditor's Office on August 19, 2019, which assessed the work performed in FY19.

### **III. Consulting Services and Nonaudit Services Completed**

Title: UNT Technical Architecture Group

Number: N/A

Dates: FY19

Objective: Provide audit and IT security consulting services as a member of UNT Technical Architecture Group.

Title: UNTS Enterprise Risk Management (ERM) Implementation

Number: N/A

Dates: April 2019 to Present

Objective: Providing consulting services to project team and management on ERM implementation.

Title: Value of Risk Assessment

Number: N/A

Dates: May 20, 2019

Objective: Provide presentation at the UNT Finance and Administration 2019 Annual Meeting to educate attendees of the value and use of risk assessment tools.

Title: Texas - Building Better Boards Workshop

Number: N/A

Dates: September 30, 2019

Objective: To examine the role of transit agency board members. Presented on role of the board in Enterprise Risk Management, and sat in a panel that discussed role of transit board members, including questions of funding, financing, and auditing for transit in Texas.

#### **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 was validated by an independent, external review team comprised of reviewers from University of Georgia, The University of Tennessee, and University of Texas at Dallas. Included is a copy of the summary of issues and external validators' statement.

Internal Audit is planning its next QAR to begin in the spring of 2020.

November 8, 2017

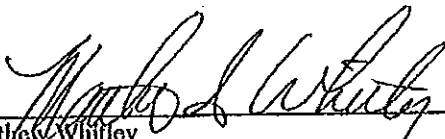
Ms. Tracy C. Grunig  
Chief Audit Executive  
University of North Texas System  
Internal Audit  
1108 Dallas Drive, Suite 3000  
Denton Texas 76205

Dear Ms. Grunig,

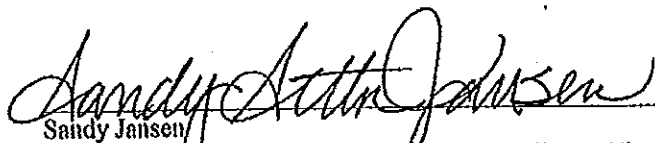
We have completed the independent external validation of the University of North Texas System internal audit activity. We believe that the internal audit activity at the University of North Texas System generally conforms with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, is well-respected and sought out by its stakeholders, its staff is viewed as well qualified, and it has a seat at the table for providing management with its advice and consultation. Please see attached the results of our review, including the independent validators' statement, comments for your consideration, and a copy of the internal self-assessment report.

We thank you, your staff, and the executives with whom we interfaced for the warm hospitality and cooperation extended to us during our site visit.

**Independent Validators**

  
\_\_\_\_\_  
Matthew Whitley  
Director, Internal Auditing Division, University of Georgia

  
\_\_\_\_\_  
Toni Stephens  
Chief Audit Executive, The University of Texas at Dallas

  
\_\_\_\_\_  
Sandy Jansen  
Executive Director, Office of Audit and Compliance, The University of Tennessee

## INDEPENDENT VALIDATORS STATEMENT

The validators were engaged to conduct an independent validation of the University of North Texas System internal audit activity's self-assessment. The primary objective of the validation was to verify the assertions made in the attached self-assessment report concerning adequate fulfillment of the organization's basic expectations of the internal audit activity and its conformity to The Institute of Internal Auditors' (IIA's) *International Standards for the Professional Practice of Internal Auditing (Standards)*. However, based on the fact that the self-assessment was based solely on IIA Standards, we make no assertions of conformity to the U.S. Government Accountability Office (GAO) *Government Auditing Standards* as required by the Texas Internal Auditing Act. Other matters that might have been covered in a full external assessment, such as an in-depth analysis of successful practices, governance, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with the chief audit executive.

In acting as validators, we are fully independent of the organization and have the necessary knowledge and skills to undertake this engagement. The validation, conducted during the period August 21-25, 2017, consisted primarily of a review and test of the procedures and results of the self-assessment. In addition, interviews were conducted with the audit committee chair, chancellor, president(s), chief financial officer, other senior members of management, and staff of the internal audit activity.

Overall, we believe that the internal audit activity generally conforms to the IIA's Standards. We concur with the internal audit activity's conclusions in the self-assessment report attached, except for full conformance with Standard 2010, *Planning*, which we considered to be in partial conformance. Implementation of the recommendations contained in the self-assessment report will improve the effectiveness and enhance the value of the internal audit activity and support conformity to the *Standards*.

## IDENTIFIED OPPORTUNITIES

The following comments and suggestions, summarized below, represent opportunities to build on the existing solid internal audit foundation and improve compliance with the spirit of the Standards. Other opportunities were discussed with management during the site visit.

### Recommendations Affecting Conformance with the Standards

<i>IIA Standard</i>	<i>Observation</i>
<b>1311 Internal Assessments</b>	<p>IIA Standard 1311 states, <i>“Internal assessments must include: Ongoing monitoring of the performance of the internal audit activity.”</i> and <i>“Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.”</i></p> <p>Key performance metrics should be developed to provide an enhanced quantifiable method to measure the internal audit activity. The results of ongoing monitoring activities should be periodically analyzed, documented, and shared with the appropriate individuals and included in the QAIP.</p> <p>Benchmark peer institutions to identify opportunities for applying audit resources more efficiently and effectively. Consider using the Capability Maturity Model developed at Carnegie Mellon University to guide process development and/or improvement.</p>
<b>2010 Planning</b>	<p>IIA Standard 2010.A1 states, <i>“The internal audit activity’s plan of engagements must be based on a documented risk assessment, undertaken at least annually.”</i></p> <p>Although the audit plan is prepared using a risk based approach, there is lack of adequate documentation supporting the selection of audits and how priority has been assigned to each audit. Additionally we noted that the risk assessment process does not incorporate the use of objective statistical indicators or other quantitative measures to evaluate the UNTS risk environment.</p>
<b>2210 Engagement Objectives</b>	<p>IIA Standard 2210.A1 states, <i>“Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.”</i> Standard 2210.A2 states, <i>“Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.”</i></p> <p>Individual engagements should include documentation of the audit program executed and individual audit program objectives and scope should be linked to the documented engagement risk assessment.</p>

### Opportunities for Enhancement

1. The Texas Internal Auditing Act requires the internal audit activity of state agencies to conform to both IIA Standards and U.S. Government Accountability Office (GAO) *Government Auditing Standards* and to conduct quality assurance reviews in accordance with these professional standards. The self-assessment review contained in this report did not contain evidence to indicate compliance with the GOA standards. The UNTS Quality Assurance Improvement Plan (QAIP) should be revised to include the Texas Internal Auditing requirements for quality assurance reviews and future UNTS

internal audit activity assessments should be conducted in accordance with both professional standards.

**Other Opportunities Discussed with the UNTS Chief Audit Executive**

1. Improve documentation and identification of governance and ethics engagements. Enhanced documentation should also aid in communicating noted issues with the Board.
2. Develop an Internal Audit strategic plan that aligns with the UNTS goals and strategies.
3. Set goals for performing project management reviews to avoid bottlenecks that impact the timely completion of audit engagements.
4. The IT Director should participate in the IT audits performed by PwC. His involvement in this work will allow the IT audit team to better complement the co-sourced audit coverage.
5. Consider using the IIA Global Internal Audit Competency Framework to perform a skill gap analysis for the internal audit staff and prepare training plans for each staff member based on this analysis.
6. Because the CAE's responsibilities require her to be away from the office for a significant amount of time, consider hiring an Assistant CAE to manage the day-to-day operations of the office, such as staff supervision.
7. Determine the ownership of the UNTS Hotline and how the related responsibilities are distributed between Internal Audit and the Office of Institutional Compliance. Improve the marketing of the Hotline on the UNTS website.
8. Document the report issuance process, noting that courtesy copies are distributed to executive management.
9. Define consulting vs. auditing engagements.



UNT    UNT HEALTH SCIENCE CENTER    UNT DALLAS    UNT SYSTEM ADMINISTRATION  
Internal Audit    Tracy C. Grunig, *Chief Audit Executive*

# University of North Texas System Internal Audit

## Quality Assurance Review Self-Assessment Report

August 2017

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## **Executive Summary**

As requested by the Chief Audit Executive (CAE), UNT System Internal Audit department conducted a quality assurance self-assessment which will be validated by an independent review team. This Quality Assurance Review (QAR) is being conducted to meet the requirements of 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. All processes/projects reviewed and included in the QAR Self-Assessment do not include the Integrity Unit, which is a subset of the Internal Audit department that handles investigations, because they have a separate process for audit and report distribution.

## **Methodology and Scope**

Steps performed for the self-assessment included the following:

- Gathered necessary supporting documentation (e.g. policies and procedures, organization charts, current/prior year projects, etc.);
- Completed Program Segments (IIA Manual D1 – D4); and
- Drafted Self-Assessment Report.

Surveys and interviews were not performed as part of the self-assessment; however, will be conducted by the independent review team.

The Internal Audit activity's risk assessment and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a sample of Internal Audit activity's workpapers and reports were also reviewed for FY17 (September 1 – August 31).

## **Opinion**

The IIA's Quality Assessment Manual suggests a scale of three ratings, "Generally Conforms," "Partially Conforms," and "Does Not Conform." "Generally Conforms" means that an Internal Audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards. "Partially Conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the Internal Audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means deficiencies

in practice are judged to be so significant as to seriously impair or preclude the Internal Audit activity from performing adequately in all or in significant areas of its responsibilities.

Based on the work outlined above, it is the opinion of the QAR Self-Assessment Team that the Internal Audit activity at the University of North Texas System generally conforms to the IIA Standards.

## Observations

### **IIA Manual Program Segment D1: Internal Audit Governance:**

Internal Audit activity's level of conformance with the spirit and intent of Standard 1000: Purpose, Authority, and Responsibility and the Definition of Internal Auditing generally conforms.

Internal Audit activity's level of conformance with the spirit and intent of Standard 1100: Independence and Objectivity and the Code of Ethics generally conforms.

Internal Audit activity's level of conformance with the spirit and intent of Standard 1300: Quality Assurance and Improvement Program (QAIP) generally conforms; however the Self-Assessment Team identified opportunities to strengthen the internal assessment process. The Standards require internal assessments to consist of both ongoing monitoring of the performance of the Internal Audit activity and periodic self-assessments. Currently, ongoing monitoring includes day-to-day supervision, review, and policies and procedures to manage the Internal Audit activity; however, periodic self-assessments are not in place.

International Professional Practices Framework (IPPF) Implementation Guide for Standard 1311 states that periodic self-assessments provide a more holistic, comprehensive review of the Standards and validate continued conformance with the Standards and Code of Ethics. Further, IPPF Implementation Guide for Standard 1311 states that periodic self-assessments can be conducted by senior members of the Internal Audit activity, a dedicated quality assurance team or individual within the Internal Audit activity who has extensive experience with the IPPF or Certified Internal Auditors. IPPF Implementation Guide for Standard 1311 also recommends including Internal Audit staff in the self-assessment process, as it can serve as a useful training opportunity.

Additionally, Standard 1320 and the UNT System Internal Audit Charter requires the Chief Audit Executive to communicate the results of the QAIP, including ongoing internal assessments and

external assessments.

**Recommendation:**

In conformance with the Standards 1300, 1310, 1311, and 1320, and consistent with IPPF Implementation Guides, implement a QAIP program that includes periodic self-assessments. Consider including Internal Audit staff in the QAIP process. Once the scope and frequency of the QAIP program has been determined, ensure the revisions in the processes are documented in the policies and procedures manual, and the results of the QAIP are communicated to Senior Management and the Board of Regents at least annually.

**Chief Audit Executive Response:**

*I concur with the recommendation and Internal Audit will implement the periodic self-assessment process by April 2, 2018.*

**IIA Manual Program Segment D2: Internal Audit Staff**

Internal Audit activity's level of conformance with the spirit and intent of Standard 1200: Proficiency and Due Professional Care generally conforms.

**IIA Manual Program Segment D3: Internal Audit Management**

Internal Audit activity's level of conformance with the spirit and intent of Standards 2000, 2100, 2450 and 2600: Planning, Nature of Work, Overall Opinions and Communicating the Acceptance of Risks generally conforms. However, there was one area of opportunity for improvement noted. IPPF Implementation Guide for Standard 2010 references the use of an audit universe, which consists of all risk areas that could be subject to audit. The audit universe includes projects and initiatives related to the organization's strategic plan, and it may be organized by business unit, processes, programs, systems, or controls. IPPF Implementation Guide for Standard 2010 recommends using an audit universe to independently review and corroborate the key risks that were identified by Senior Management. An audit universe was not utilized to assist in the development of the FY17 and FY18 annual UNT System Internal Audit plans.

**Recommendation:**

In accordance with IPPF Implementation Guide for Standard 2010 and best practices, implement the use of an audit universe for use in the development of the FY19 annual UNT System Internal Audit plan.

Chief Audit Executive Response:

*I concur with the recommendation and the development of a comprehensive audit universe in the risk assessment and audit plan development processes will be completed by July 30, 2018.*

IIA Manual Program Segment D4: Internal Audit Process

Internal Audit activity's level of conformance with the spirit and intent of Standards 2200, 2300, 2400 (except for Standard 2450), and 2500 generally conforms.

# Appendix E1

## Evaluation Summary: Quality Assessment

(GC = Generally Conforms, PC = Partially Conforms, DNC = Does Not Conform)

Quality Assessment Evaluation Summary—Overall Evaluation	GC	PC	DNC
<b>OVERALL EVALUATION</b>	X		

Quality Assessment Evaluation Summary—Major/Supporting Standards		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1010	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> in the Internal Audit Charter	X		
1100	Independence and Objectivity	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	X		
1200	Proficiency and Due Professional Care	X		

E1-1

Quality Assessment Manual for the Internal Audit Activity

Quality Assessment Evaluation Summary—Major/Supporting Standards		GC	PC	DNC
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	Quality Assurance and Improvement Program	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	X		
1322	Disclosure of Nonconformance	X		
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		

Appendix E1: Evaluation Summary: Quality Assessment

Quality Assessment Evaluation Summary—Major/Supporting Standards		GC	PC	DNC
2100	Nature of Work	X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		

Quality Assessment Manual for the Internal Audit Activity

Quality Assessment Evaluation Summary—Major/Supporting Standards		GC	PC	DNC
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		
	The IIA's Code of Ethics	X		

E1-4



## **V. Internal Audit Plan for Fiscal Year 2020**

The Fiscal Year 2020 Internal Audit Plan for the University of North Texas System Internal Audit Department was approved by the Board of Regents on August 16, 2019.

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-45, the General Appropriations Act (86th Legislature) is included in the FY20 audit plan.

# UNT System Internal Audit FY20 Annual Internal Audit Plan

Presented by Tracy Grunig  
July 31, 2019



# University of North Texas System Internal Audit Allocation of Staff Audit Hours to FY20 UNTS IA Annual Audit Plan

Total Audit Staff Hours Available (16 FTE + 2 FTE partial year)	36,400	
Less Non-Direct Time (30% - e.g., vacation, sick, CPE)	<u>(10,920)</u>	
Direct Hours Available for Audit Activities	25,480	
Non-Direct Internal Audit Activities (e.g., IIA professional guidelines compliance, service provided to professional organizations, etc.) Represents 4% of Direct Hours Available	<u>(1,103)</u>	
Hours Allocated to Audit Projects and Value-Added Management Services		<u>24,377</u>
Hours Allocated to Audit Projects	22,976	
Hours Allocated to Value-Added Management Services	<u>1,401</u>	
		<u>24,377</u>

# FY20 Risk Assessment Interviewee List

<b>System</b>	<b>Date of Interview</b>	<b>Additional Interview Participant(s)</b>
Chancellor	04/23/19	
Chief Financial Officer	05/14/19	
General Counsel		
Chief Human Capital Officer		
Deputy Chief Human Capital Officer		
Vice Chancellor for Facilities and Planning		
Associate Vice Chancellor for Facilities Design & Construction		
Chief Information Officer Chief Technology Officer	04/24/19	
<b>UNT</b>		
President	05/06/19	
Chief Financial Officer		
Provost	05/07/19	Senior Director, Budget & Planning
Vice Provost of Academic Resources		
Associate Vice President	05/06/19	
Vice President Student Affairs Dean of Students	05/06/19	
Interim Vice President for Research and Innovation	05/06/19	Senior Director, Budget & Planning
Assistant Vice President Grants and Contract Administration		
Director of Athletics	05/07/19	Associate Controller, Financial Analysis Director
Director Risk Management	05/06/19	Associate Controller, Financial Analysis Director

# FY20 Risk Assessment Interviewee List

<b>UNTHSC</b>	<b>Date of Interview</b>	<b>Additional Interview Participant(s)</b>
President	05/09/19	
Chief Financial Officer		
Provost	05/06/19	
Interim Chief Information Officer	05/09/19	
Vice President Finance and Operations UNT Health	05/09/19	
Vice President of Operations	05/09/19	
Environmental Safety		
Vice Provost of Student Affairs	05/06/19	Director, Talent Acquisition
Executive Director for Sponsored Programs	04/16/19	
Acting Vice President Research		
<b>UNT Dallas</b>		
President	05/16/19	
Chief Financial Officer		
Provost	05/08/19	Senior Director, Budget & Planning
Director Risk Management	05/16/19	Associate Controller, Financial Analysis Director
Dean of Students	05/08/19	
VP Advancement	05/08/19	Associate Controller, Financial Analysis Director

University of North Texas System Internal Audit  
**UNT System Strategic Plan Goals Operationalized in FY20 UNTS IA Annual Audit Plan**

<b>UNT System Strategic Goals</b>	<b>Business Goals</b>	<b>Identified Business Risk</b>	<b>Audit Owner</b>	<b>FY20 AAP Project</b>
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury, Institution Finance/Budget	Investments
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Compliance; Reputational; Financial; Operational; Regulatory	Finance/Budget	Contract Processes Audit
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Compliance; Reputational; Financial; Operational; Regulatory	Information Technology	IT Application Project Prioritization Software Post Implementation Review (Concur) IT Shared Services Disaster Recovery
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Grant Thornton
Achieve Efficient and Effective System	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	System Procurement, Office of General Counsel	Senate Bill 20 Mandated Internal Audit
Achieve Efficient and Effective System	Adherence to Contract Requirements and Employment Agreement Provisions	Compliance; Reputational; Financial; Operational	System Senior Leadership	Chancellor's Expenditure Review

# University of North Texas System Internal Audit

## UNT Strategic Plan Goals Operationalized in FY20 UNTS IA Annual Audit Plan

UNT System Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY20 AAP Project
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	College of Liberal Arts and Social Sciences Dean Transition Audit Mayborn School of Journalism Dean Transition Audit Dining Services Audit Incidental Fees Audit Minors on Campus Audit
Achieve Efficient and Effective System	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Academic  Athletic	Student-Managed Investment Fund (SMIF) NCAA Compliance Audit (Recruiting, Eligibility)
Achieve Efficient and Effective System	Adherence to Contract Requirements and Employment Agreement Provisions	Compliance; Reputational; Financial; Operational	President Senior Leadership	President's Expenditure Review
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Information Technology; Compliance; Reputational; Operational	Information Technology	IT Application Project Prioritization Software Post Implementation Review (Concur) IT Shared Services Disaster Recovery
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Financial; Operational	Research	Grants and Contracts Compliance Audit Effort Reporting Process Audit
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Benefits Proportionality Parking Services
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury and Institution Finance/Budget	Investments

University of North Texas System Internal Audit  
**UNTHSC Strategic Plan Goals Operationalized in FY20 UNTS IA Annual Audit Plan**

<b>UNT System Strategic Goals</b>	<b>Business Goals</b>	<b>Identified Business Risk</b>	<b>Audit Owner</b>	<b>FY20 AAP Project</b>
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Research	Grants and Contracts Compliance Audit Effort Reporting Process Audit Family Medicine Faculty Development
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury and Institution Finance/Budget	Investments
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	INCEDO Physician Compensation Model School of Medicine Financial Processes Audit
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Information Technology; Compliance; Reputational; Operational	Information Technology	IT Application Project Prioritization Software Post Implementation Review (Concur) IT Shared Services Disaster Recovery
Achieve Efficient and Effective System	Adherence to Contract Requirements and Employment Agreement Provisions	Compliance; Reputational; Financial; Operational	President Senior Leadership	President’s Expenditure Review
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Finance	Benefits Proportionality



University of North Texas System Internal Audit  
**UNT Dallas** Strategic Plan Goals Operationalized in FY20 UNTS IA Annual Audit Plan

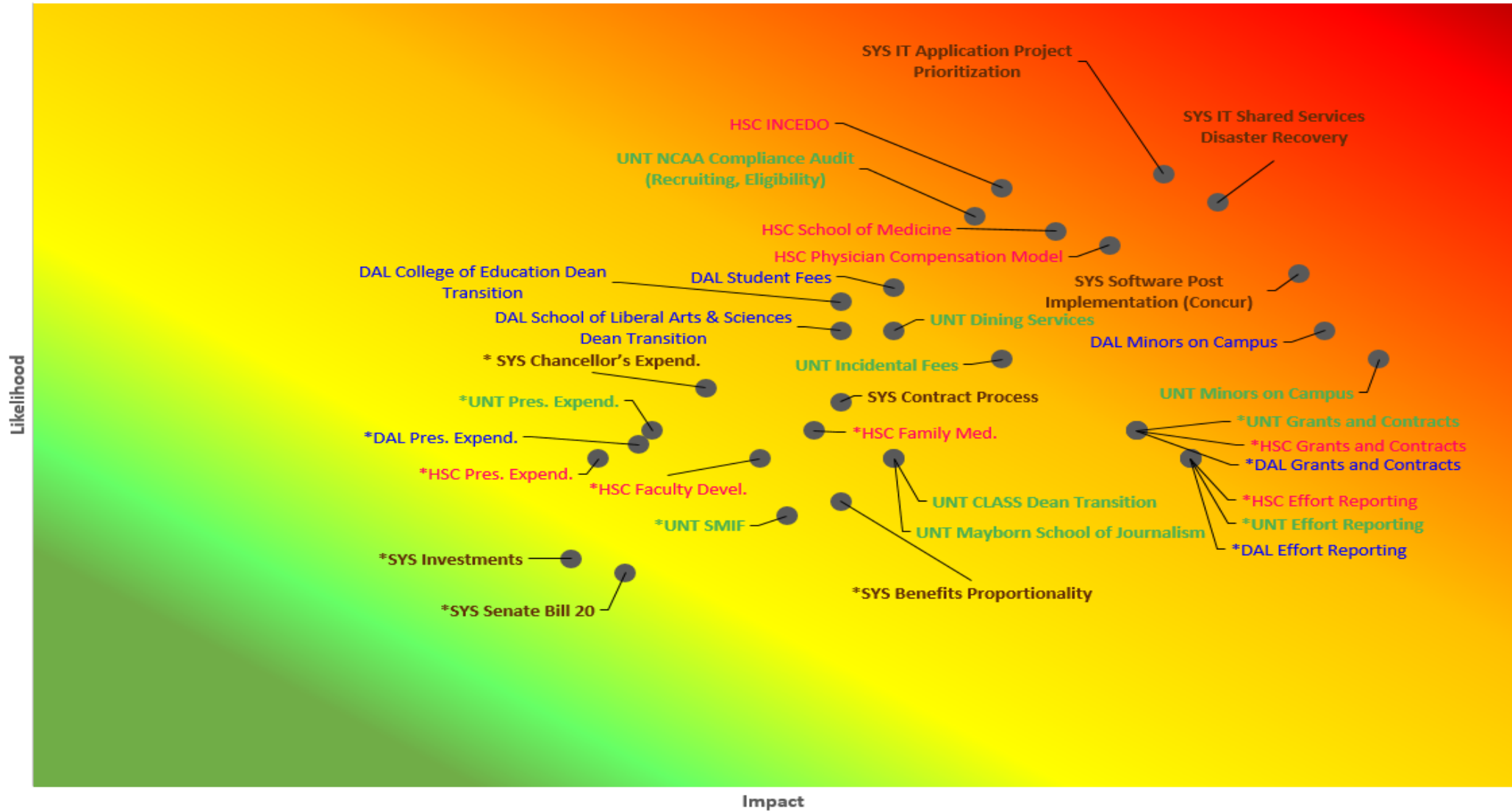
UNT System Strategic Goals	Business Goals	Identified Business Risk	Audit Owner	FY20 AAP Project
Grow Foundation Assets	Evaluate controls surrounding the investing activities are effective	Compliance; Reputational; Financial; Operational; Regulatory	System Treasury and Institution Finance/Budget	Investments
Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Academic	College of Education Dean Transition Audit School of Liberal Arts & Sciences Dean Transition Audit Student Fees Audit Minors on Campus Audit
Grow Research	Adherence to Regulations, Policies, Procedures and Compliance Requirements	Compliance; Reputational; Financial; Operational; Regulatory	Research	Grants and Contracts Compliance Audit Effort Reporting Process Audit
Achieve Efficient and Effective System	Achieve Efficient and Effective System	Operational Effectiveness	Compliance; Reputational; Financial; Operational; Regulatory	Benefits Proportionality
Achieve Efficient and Effective System	Adherence to Contract Requirements and Employment Agreement Provisions	Compliance; Reputational; Financial; Operational	President Senior Leadership	President's Expenditure Review
Achieve Efficient and Effective System	Operational Effectiveness and Process Efficiency and Security	Information Technology; Compliance; Reputational; Operational	Information Technology	IT Application Project Prioritization Software Post Implementation Review (Concur) IT Shared Services Disaster Recovery

# Risk Evaluation Criteria

	Regulatory / Legal Compliance / Fraud	Reputational	Operational Risks	Financial	Information Technology
<b>High</b>	<p>Impact: <b>Extensive</b> regulatory penalties and sanctions.</p> <p>Likelihood: High number of occurrences High motivation Low controllability Low preparedness</p>	<p>Impact: Severe public negative perception requiring <b>considerable</b> effort/expense to recover.</p> <p>Likelihood: High number of occurrences Low controllability Low preparedness</p>	<p>Impact: <b>Detrimental</b> effect on operations requiring major adjustments to plans.</p> <p>Likelihood: High number of occurrences High motivation Low controllability Low preparedness</p>	<p>Impact: <b>Severe</b> loss of assets, adverse impact on revenue greater than 15%.</p> <p>Likelihood: High number of occurrences High motivation Low controllability Low preparedness</p>	<p>Impact: <b>Severe</b> event impacting the availability, integrity or confidentiality of system-wide or campus-wide data.</p> <p>Likelihood: High number of occurrences High motivation Low controllability Low preparedness</p>
<b>Medium</b>	<p>Impact: <b>Moderate</b> regulatory penalties and sanctions.</p> <p>Likelihood: Moderate number of occurrences Moderate motivation Moderate controllability Moderate preparedness</p>	<p>Impact: Moderate public negative perception requiring <b>some</b> effort/expense to recover.</p> <p>Likelihood: Moderate number of occurrences Moderate controllability Moderate preparedness</p>	<p>Impact: Moderate effect on operations requiring <b>some</b> adjustments to plans.</p> <p>Likelihood: Moderate number of occurrences Moderate motivation Moderate controllability Moderate preparedness</p>	<p>Impact: <b>Moderate</b> loss of assets, adverse impact on revenue between 5% - 15%.</p> <p>Likelihood: Moderate number of occurrences Moderate motivation Moderate controllability Moderate preparedness</p>	<p>Impact: <b>Moderate</b> event impacting the availability, integrity or confidentiality of system-wide or campus-wide data.</p> <p>Likelihood: Moderate number of occurrences Moderate motivation Moderate controllability</p>
<b>Low</b>	<p>Impact: <b>Minor</b> regulatory penalties and sanctions.</p> <p>Likelihood: Low number of occurrences Low motivation High controllability High preparedness</p>	<p>Impact: Minimal public negative perception requiring <b>little</b> effort/expense to recover.</p> <p>Likelihood: Low number of occurrences High controllability High preparedness</p>	<p>Impact: Minor effect on operations requiring <b>minimal</b> adjustments to plans.</p> <p>Likelihood: Low number of occurrences Low motivation High controllability High preparedness</p>	<p>Impact: <b>Minor</b> loss of assets, adverse impact on revenue less than 5%.</p> <p>Likelihood: Low number of occurrences Low motivation High controllability High preparedness</p>	<p>Impact: <b>Minor</b> event impacting the availability, integrity or confidentiality of data.</p> <p>Likelihood: Low number of occurrences Low motivation High controllability High preparedness</p>

\*\*COSO Framework was used in developing the criteria.

# FY20 Risk Heat Map



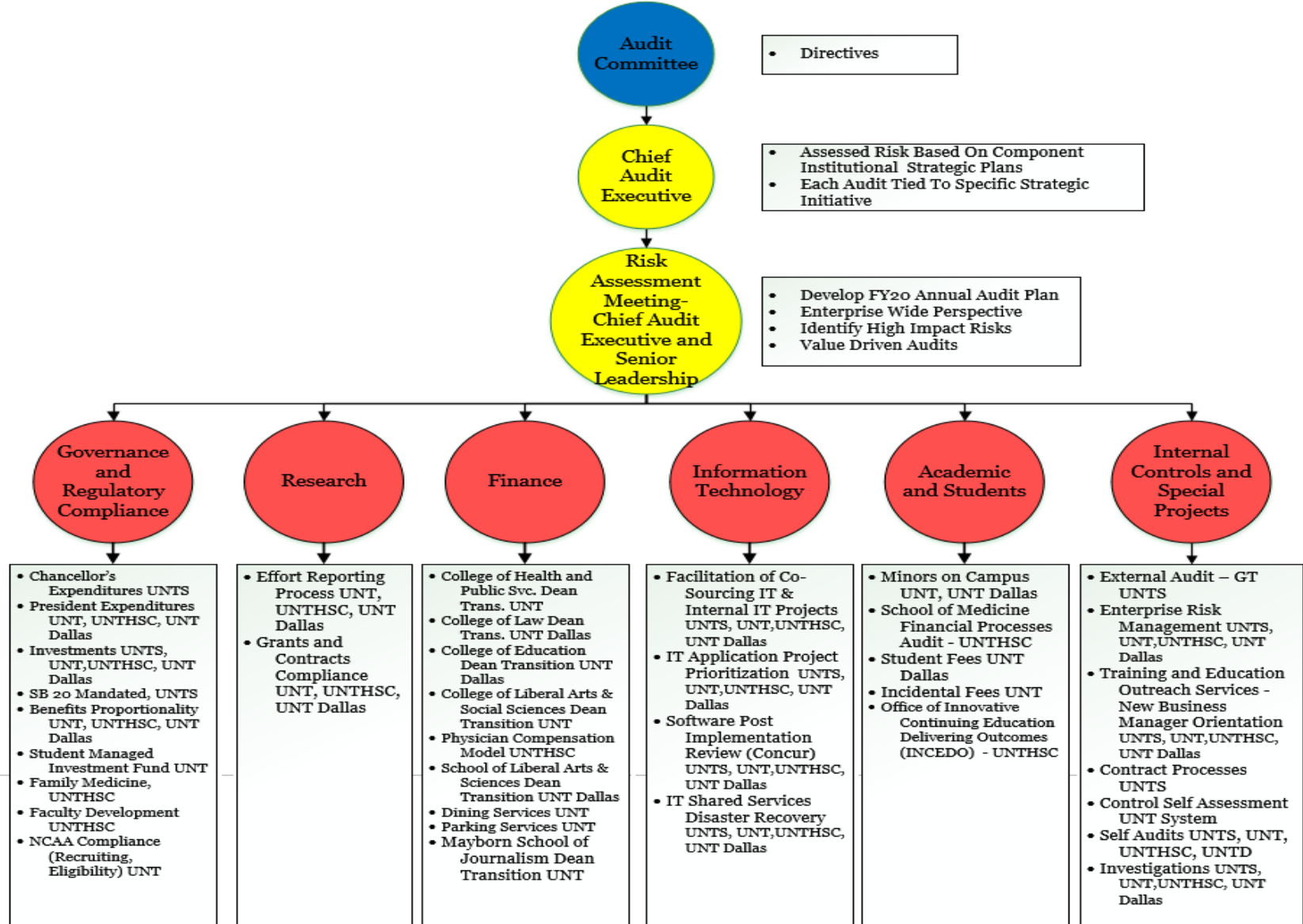
\*Indicates mandated audits

Total Audits by Component - 8 SYS, 10 UNT, 8 UNTHSC, 7 UNT Dallas

# Summary of FY20 Annual Audit Plan by Component

Component Name	Total Allocated Audit Hours	Total Unallocated Audit Hours	Total Audit Hours	Number of Audits
UNT System	2,070	306	2,376	5
UNT	4,110	1,323	5,433	10
UNTHSC	3,300	711	4,011	8
UNT Dallas	2,990	805	3,795	7
IT/External Audit Assistance & Special Projects	3,946	4,816	8,762	9
	<b>16,416</b>	<b>7,961</b>	<b>24,377</b>	<b>39</b>

# Risk Assessment Process Flow



# FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
<b>FY19 Audits Requiring FY20 Audit Hours:</b>									
MGMT REQUEST	FINANCIAL	College of Engineering Dean Transition	Review and determine whether processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory are in compliance with University/System policies and regulations.	150		X			Compliance; Reputational; Financial; Operational
MGMT REQUEST	FINANCIAL	Caruth Police Institute Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	100				X	Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	INTERNAL CONTROLS	College of Law Dean Business Processes Audit	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory.	250				X	Compliance; Reputational; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	350		X	X		Compliance; Reputational; Financial; Operational; Regulatory
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, University policies, and state and federal laws.	350		X	X		Compliance; Reputational; Financial; Operational; Regulatory
<b>Total FY20 Hours Allocated for FY19 Audit Projects</b>				<b>1,200</b>					

# FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
<b>FY20 Audits Requiring FY20 Audit Hours:</b>									
INTERNAL AUDIT	ACADEMIC	School of Medicine Financial Processes	To assess financial processes over planning, preparation, implementation and monitoring of state resources to ensure funds are expended appropriately.	400			X		Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	ACADEMIC	Student Fees	Determine whether fees are charged, authorized, recorded, and expended in compliance with University policies and State laws.	350				X	Compliance; Reputational; Financial; Operational; Regulatory
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.	775	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.	300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Benefits Proportionality	Assess the processes and controls related to completion of Form APS 011 as required by the General Appropriations Act, Article IX, Section 6.08, Benefits Paid Proportional by Fund.	200	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.	300	X				Compliance; Reputational; Financial; Operational; Regulatory

# FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
<b>FY20 Audits Requiring FY20 Audit Hours: (continued)</b>									
REQ-REGENT RULES AND ENTERPRISE POLICIES	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	Family Medicine	To provide assurance that UNTHSC is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for Funding.	200			X		Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Faculty Development	To 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.	200			X		Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	COMPLIANCE	NCAA Compliance (Recruiting, Eligibility)	Review athletic compliance areas.	400		X			Compliance; Reputational; Operational; Regulatory
INTERNAL AUDIT	FINANCIAL	Mayborn School of Journalism Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	250		X			Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	College of Education Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	250				X	Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	FINANCIAL	School of Liberal Arts & Sciences Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	250				X	Compliance; Reputational; Financial; Operational



# FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
<b>FY20 Audits Requiring FY20 Audit Hours: (continued)</b>									
INTERNAL AUDIT	FINANCIAL	Physician Compensation Model	To ensure physician compensations based on the model are recorded accurately, completely and paid timely.	350			X		Financial; Operational
INTERNAL AUDIT	FINANCIAL	College of Liberal Arts and Social Sciences Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	250		X			Compliance; Reputational; Financial; Operational
MGMT REQUEST	FINANCIAL	Office of Innovative Continuing Education Delivering Outcomes (INCEDO)	Review and evaluate payments for development and delivery of continuing education courses; and evaluate departmental expenditures using funds to assess compliance with University policy and state law. Additionally, determine whether revenue rates are appropriate and financial resources obtained are utilized correctly.	350			X		Compliance; Financial; Regulatory
MGMT REQUEST	INFORMATION TECHNOLOGY	IT Application Project Prioritization	There is an institutional concern that the process of having applications approved and procured is inefficient, thereby causing delayed or interrupted productivity by not being able to get needed applications purchased. Assess the efficiency and effectiveness of the IT application procurement process.	320	X	X	X	X	Information Technology; Compliance; Reputational; Operational
MGMT REQUEST	INFORMATION TECHNOLOGY	Software Post Implementation Review (Concur)	Implemented applications are not delivering the required/expected functionality causing individuals to use/develop shadow IT systems, or be inefficient using the implemented systems. Determine why implemented applications are not meeting user needs.	320	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory

# FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
<b>FY20 Audits Requiring FY20 Audit Hours: (continued)</b>									
INTERNAL AUDIT	INFORMATION TECHNOLOGY	IT Shared Services Disaster Recovery	Deferred from FY19. Disaster Recovery is a critical element in providing continuity of operations meeting the Service Level Agreement needs of the UNT World user community in the event of disasters, malware attacks or system outages. To Determine whether recovery process for essential systems is being tested and validated according to published service level agreements.	400	X				Information Technology; Compliance; Reputational; Financial; Operational
INTERNAL AUDIT	INFORMATION TECHNOLOGY	Facilitation of Co-Sourcing IT & Internal IT Projects	To be responsive to requests for IT audit support and consultation in all matters. Represents audit hours designated for institutional use, although individual audit projects have not been determined, audit projects will be identified over the course of FY19.	240	X	X	X	X	Information Technology; Compliance; Reputational; Operational
INTERNAL AUDIT	INTERNAL CONTROLS	Minors on Campus	Review and determine if programs for minors sponsored by the University or held on the University campus are in compliance with University polices and state laws.	600		X		X	Compliance; Reputational; Operational; Regulatory
INTERNAL AUDIT	INTERNAL CONTROLS	Contract Processes	To assess the contracting quality assurance process surrounding reviews and approvals are adequate and effectively working.	450	X				Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	INTERNAL CONTROLS	Incidental Fees	Review incidental fees, and determine whether fees are charged, authorized, recorded, and expended in compliance with University policies and state laws.	300		X			Compliance; Financial; Reputational; Operational; Regulatory
INTERNAL AUDIT	INTERNAL CONTROLS, FINANCIAL	Dining Services	Review financial and management controls over UNT Dining Services for operational efficiency, effectiveness, and compliance with University policies, state laws, and best practices.	550		X			Compliance; Financial; Operational

# FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
<b>FY20 Audits Requiring FY20 Audit Hours: (continued)</b>									
INTERNAL AUDIT	INTERNAL CONTROLS, FINANCIAL	Parking Services	To assess whether departmental activities are helping accomplish the department’s goals/objectives and whether revenue resources obtained are used appropriately.	200		X			Compliance; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.	900		X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REGENT RULES AND ENTERPRISE POLICIES	RESEARCH	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.	1,050		X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	EXTERNAL AUDIT ASSISTANCE	External Audit Fieldwork Assistance - Grant Thornton	Internal Audit assistance with annual audit of UNTS financial statements for FY19.	640	X				Compliance; Reputational; Financial; Operational; Regulatory
MGMT REQUEST	MANAGEMENT ADVISORY SERVICES	Enterprise Risk Management	To provide consulting services in the implementation of Enterprise Risk Management.	300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Training and Education Outreach Services - New Business Manager Orientation	To educate management on common control failures and promote compliance and enhance operational effectiveness through best practices.	100	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Internal Process Improvement Training	To enhance investigative skills for staff.	200	X				Compliance; Reputational; Financial; Operational; Regulatory

# FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
<b>FY20 Audits Requiring FY20 Audit Hours: (continued)</b>									
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Control Self-Assessment - TBD	To facilitate work groups focused on streamlining and improving internal audit processes.	500	X				Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	MANAGEMENT ADVISORY SERVICES	Self-Audits - TBD	To develop tools to assist University departments assess effectiveness of internal operations.	400	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
INTERNAL AUDIT	INVESTIGATIONS	Investigations	To examine and verify allegations or complaints of fraud, waste, abuse or employee misconduct.	300	X	X	X	X	Compliance; Reputational; Financial; Operational; Regulatory
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 FY20 to be responsive to managements' high risk and high impact areas.	3,322	X	X	X	X	Information Technology Security; IT System Network Authorization and Access; Operational; Compliance with Policies; Reputational
INTERNAL AUDIT	UNALLOCATED HOURS-SPECIAL PROJECTS		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	1,494	X	X	X	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 FY19 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	1,323		X			Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets

# FY20 Annual Internal Audit Plan

Source	Functional Area	Title of Audit	Description and Audit Objectives	Total Hours	Component Institution				Identified Risk
					UNT System	UNT	UNTHSC	UNT Dallas	
<b>FY20 Audits Requiring FY20 Audit Hours: (continued)</b>									
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 FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	805				X	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
INTERNAL AUDIT	UNALLOCATED HOURS-UNT System		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	306	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 FY20 to be responsive to managements' high risk and high impact areas (E.G., shared services, business process reviews, fraud hotline investigations, etc.).	711			X		Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
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.	1,070	X	X	X	X	Due Diligence
	<b>Total FY20 Hours Allocated for FY20 Audit Projects</b>			<b>22,976</b>					
	Value-Added Management Services (see appendix)			1,401					
	<b>Total FY20 Hours Allocated for Audit Projects and Value-Added Management Services</b>			<b>24,377</b>					

# University of North Texas System Internal Audit FY20 Annual Internal Audit Plan – Value Added Management Services

Title	Objectives	Total Hours
Internal Audit Quality Process Improvement and Training	Quality Assurance Review (e.g. audit process improvements, department policies and procedures, and audit methodologies)	100
Risk Assessment Meetings	Facilitation of discussions concerning risks and development of the annual audit plan.	400
Quarterly Meetings With Senior Leadership	Discussing audit statuses and ongoing risks with senior management.	288
UNT Workgroup and Committee Meetings	Participation in work groups and committees.	25
Technical Architecture Group	Participate as a guest of the UNT Technical Architecture Group to stay aware of the state of IT on the UNT campus.	48
Workgroup - UNT Academic Computing Workgroup	Work with the UNT IT academic areas to provide audit services that will help facilitate the achievement of UNT strategic goals and ensure the efficiency and effectiveness of IT operations.	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	100
Resource - Presentation Requests	Present and facilitate discussions for UNT, UNTHSC & UNT Dallas	100
Ad Hoc Requests from Management	Unplanned support and training requests throughout FY20.	300
<b>Subtotal</b>		<b>1,401</b>

# Potential Audits - Use of Unallocated Hours

## UNT System:

- Data Center Audit

## UNT :

- Export Controls Review
- Differential Tuition Audit

## UNTHSC:

- Export Controls Review
- Library - Federal Funding Review

## UNT Dallas:

- Scholarships Review
- Email Phishing Audit

## **VI. External Audit Services Procured in Fiscal Year 2019**

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

Compliance Audit of the Title IV Program, Weaver and Tidwell

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

JAMP Grant Program, Weaver and Tidwell

Family Medicine Residency/NMM Program Grant Compliance, Weaver and Tidwell

Family Medicine Residency Program Grant Compliance, Weaver and Tidwell

Faculty Development Center Grant Compliance, Weaver and Tidwell



## **VII. Reporting Suspected Fraud and Abuse**

To comply with the requirements of Section 7.09, Fraud Reporting, General Appropriations Act (85<sup>th</sup> 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.