



## Board Briefing

---

**Committee:** Audit & Finance

**Date Filed:** July 6, 2020

**Title:** Approval of UNT System Internal Audit Charter

---

### Background:

The Texas Internal Auditing Act (Government Code Chapter 2012) specifies that internal audit programs shall conform to the Standards for the Professional Practice of Internal Auditing, the Code of Ethics contained in the Professional Practices Framework as promulgated by the Institute of Internal Auditors, and generally accepted government auditing standards. The Institute of Internal Auditor's Practice Advisory 1000-1 in the Professional Practices Framework, and the UNT System Regent Rule 4.501.4, both outline the need for a formal written Internal Audit Charter, which should be approved by the Board. Accordingly, the Internal Audit Charter has been revised to present to the Board of Regents for approval and issuance, pursuant to Regent Rule 4.501.4, and the Institute of Internal Auditor's Professional Practice Framework.

---

### Financial Analysis/History:

There is no financial impact.

**Dan Tenney** Digitally signed by Dan Tenney  
Date: 2020.07.29 16:01:09 -05'00'

---

Vice Chancellor for Finance

### Legal Review:

This item has been reviewed by General Counsel.

**Alan Stucky** Digitally signed by Alan Stucky  
Date: 2020.07.29 18:39:45 -05'00'

---

Vice Chancellor/General Counsel

### Schedule:

The Internal Audit Charter will be adopted immediately upon approved by the Board of Regents.

---

### Recommendation:

It is recommended that the Board of Regents approve the attached UNT System Internal Audit Charter.

### Recommended By:

**Sheba Joyner**  
Interim Chief Audit Executive

Lesa B. Roe

Digitally signed by Lesa  
B. Roe  
Date: 2020.07.28  
09:27:22 -05'00'

---

Chancellor

Attachments Filed Electronically:

- Proposed Internal Audit Charter-redline
- Proposed Internal Audit Charter-clean copy



---

## Board Order 2020-68

---

**Title:** Approval of UNT System Internal Audit Charter

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 13-14, 2020, pursuant to a motion made by Regent Carlos Munguia and seconded by Regent Brint Ryan, the Board approved the motion presented below:

---

Whereas, the Regent Rules 04.501 states to periodically review the Internal Audit Charter and present it to senior management and the Board for approval; and

Whereas, the external review conducted by Protiviti recommends to update the Internal Audit Charter; and

Whereas, the Interim Chief Audit Executive has prepared the Internal Audit Charter; and

Whereas, the Board of Regents has reviewed the Internal Audit Charter.

Now, Therefore, The Board of Regents authorizes and approves the following:

1. UNT System Internal Audit Charter
- 

VOTE: 7 ayes 0 nays 0 abstentions

**BOARD ACTION:**

Attested By:

Rosemary R. Haggett

Rosemary R. Haggett, Secretary  
Board of Regents

Approved By:

Laura Wright

Laura Wright, Chair  
Board of Regents

# UNT | SYSTEM™

## INTERNAL AUDIT CHARTER

### Introduction

---

The University Of North Texas System Board of Regents' Audit ~~and Finance~~ Committee ~~(Committee)~~, as outlined in Regent Rules 03.400 and 04.500, has established the [UNT System](#) Internal Audit Department (Internal Audit) to serve as an appraisal function to examine and evaluate the operations of the University of North Texas System and its component institutions, [University of North Texas](#), [University of North Texas Health Science Center at Fort Worth](#), and [University of North Texas at Dallas](#) -(System).

### Purpose and Vision

---

The purpose of [UNT System](#) Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the [University of North Texas](#)-System operations. It assists the System in accomplishing its [strategic and operational](#) objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

[UNT System](#) Internal Audit's vision is to be a world class internal audit function to enhance and protect organizational value by providing risk-based independent and objective assurance, advice, and insight.

### Role

---

The Chief ~~Audit Executive~~~~Internal Auditor~~ reports to the ~~Audit and Finance Committee~~~~Audit Committee~~. The ~~Audit and Finance Committee~~ ~~Audit Committee~~ recommends for approval by the Board the hiring, compensation, removal, and evaluation of the Chief ~~Audit Executive~~~~Internal Auditor~~ who shall report to the Board through the Committee. At least once per year, the ~~Audit and Finance Committee~~ ~~Audit Committee~~ will review the performance of the Chief ~~Audit Executive~~~~Internal Auditor~~ and review the letter of employment outlining the details of employment. The Chief ~~Audit Executive~~~~Internal Auditor~~ shall have and maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements outlined by this charter. On an annual basis, the Chief ~~Audit Executive~~~~Internal Auditor~~ will perform an evaluation of the Internal Audit Department's staff (qualifications and training, etc.)

Internal Audit Staff report directly to the Chief ~~Audit Executive~~~~Internal Auditor~~. Internal Audit activities, their purpose, authority and responsibility, performance relative to the audit plan, and audit reports are communicated by the Chief ~~Audit Executive~~~~Internal Auditor~~ to the Board of Regents and all other applicable reporting entities including the State of Texas. This reporting relationship promotes independence and provides adequate consideration of audit issues, recommendations, and management action plans.

The Chief ~~Audit Executive~~~~Internal Auditor~~ will also coordinate the audit efforts with the System's external auditors, and conduct independent reviews of specific issues, accounts, or incidents where applicable. Members of the Internal Audit Department will meet the continuing professional education requirements for government auditors as well as for the professional certifications they may hold.

### Authority

---

Authority is granted for full, free, and unrestricted access to any and all System records, physical properties, and personnel relevant to any function under review. Documents and information given to Internal Audit will be handled in the same prudent and professional manner as by those employees normally accountable for them.

All employees shall assist Internal Audit in fulfilling their function as requested. In the event any officer, agent, or employee of the System shall fail to cooperate fully with Internal Audit or shall otherwise hinder or prevent or attempt to hinder or prevent any audit, the Chief ~~Audit Executive~~~~Internal Auditor~~ shall immediately and simultaneously report the same to the Chancellor and the ~~Audit and Finance Committee~~~~Audit Committee~~.

# UNT | SYSTEM™

Internal Audit shall also have free and unrestricted access to the Audit and Finance Committee~~Audit Committee~~, the Chairman of the Board of Regents and the Chancellor.

The Chief Audit Executive~~Internal Auditor~~ and Internal Audit Staff are not authorized to assume the role of management and perform any operational duties. This includes initiating and approving accounting transactions external to the Internal Audit Department, developing policies and procedures external to the Internal Audit Department, implementing internal controls, installing systems, preparing records, engaging in any other activity that may impair linternal Audit's judgment or directing the activities of any System employee not employed by the Internal Audit Department.

The Chief Audit Executive~~Internal Auditor~~ is authorized to engage and contract with external parties related to fulfilling the function of the office. Any contract must follow all applicable Board of Regents Rules and UNT System Policies and Procedures.

## Independence

---

All Internal Audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of independence and objectivity necessary~~permit maintenance of an independent and objective mental attitude necessary~~ in rendering reports. Internal Audit shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Audit will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, approve transactions external to Internal Audit, or engage in any other activity which would normally be audited. Review and appraisal by Internal Audit does not in any way substitute for or relieve other persons in the system of their management responsibilities.

## Audit Responsibilities

---

The primary purpose of the Internal Audit function is to assist senior management and the Board of Regents in the effective execution of their responsibilities. Internal Audit completes this purpose by accomplishing the following responsibilities:

1. Reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information.
2. Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the organization is in compliance.
3. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
4. Determining compliance with policies, procedures, laws and regulations.
5. Reviewing internal controls, including those over financial reporting processes.
6. Evaluating the economy and efficiency with which resources are employed.
7. Evaluating information security.
8. Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned.
9. Reviewing specific operations at the request of the Audit and Finance Committee ~~Audit Committee~~ or management, as appropriate, and implementing the annual audit plan, as approved, including any special tasks or projects requested by management and the Board.
10. Monitoring and evaluating the effectiveness of the organization's risk management system.
11. Monitoring a central repository of hotline complaints and reporting the complaint resolution status to the Audit and Finance Committee~~Audit Committee~~.
12. Serving as the facilitator and coordinator for all federal, state, and other external audit agencies. Evaluating the quality of performance of external auditors and the degree of coordination with Internal

# UNT | SYSTEM™

Audit. External audit agencies shall contact the Chief ~~Audit Executive~~~~Internal Auditor~~ for entrance and exit audit conferences.

13. Coordinating or performing internal investigations of suspected fraud, waste and abuse and notifying management and the Board of the results.

13.14. ~~Overseeing any assurance services provided by 3rd parties.~~

## Audit Planning

---

Annually (prior to the start of a new fiscal year), the Chief ~~Audit Executive~~~~Internal Auditor~~ shall present the Internal Audit Plan as well as budget and resource requirements for the upcoming fiscal year to the ~~Audit and Finance Committee~~ ~~Audit Committee~~ for their recommendation for approval by the Board of Regents. The Internal ~~A~~udit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Board of Regents. The Chief ~~Audit Executive~~~~Internal Auditor~~ will communicate the impact of resource limitations and significant priority changes to senior management and the Board of Regents. Any significant deviation from the approved audit plan shall be communicated to the ~~Audit and Finance Committee~~ ~~Audit Committee~~ through quarterly activity reports.

## Reporting

---

The Chief ~~Audit Executive~~~~Internal Auditor~~ shall report at each regular meeting of the ~~Audit and Finance Committee~~ ~~Audit Committee~~ on any condition that, in the judgment of the Chief ~~Audit Executive~~~~Internal Auditor~~, could adversely affect the UNT System. Suspected fraud, theft and misuse of funds reported to the Chief ~~Audit Executive~~~~Internal Auditor~~ will be promptly reported to the Chairman of the ~~Audit and Finance Committee~~ ~~Audit Committee~~.

A written report will be prepared and issued by the Chief ~~Audit Executive~~~~Internal Auditor~~ following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the Secretary of the Board of Regents to be provided to all Regents.

The Chief ~~Audit Executive~~~~Internal Auditor~~ may include in the final audit report the management responses and corrective action taken or to be taken in regard to the specific recommendations. Management responses should be received within 10 business days from the date the draft report was sent. Each response should include the individual responsible for implementing the recommendation, the timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed.

Internal Audit is responsible for appropriate follow-up on audit recommendations and management action plans. All recommendations and management action plans will remain open and monitored until cleared by the ~~internal Audit Department~~ ~~Chief Internal Auditor~~.

## Professional Standards

---

The Internal Audit ~~s~~Staff shall adhere to the Texas Internal Auditing Act, Chapter 2102 of the Texas Government Code, and the Institute of Internal Auditors' "Code of Ethics." Internal Audit shall conform with the Institute of Internal Auditors' "*International Standards for the Professional Practice of Internal Auditing*," (*Standards*) as contained in the International Professional Practices Framework as well as the Generally Accepted Government Auditing Standards (GAGAS).

## Periodic Assessment

---

The Chief ~~Audit Executive~~~~Internal Auditor~~ will annually assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable Internal Audit to accomplish its objectives. The result of this periodic assessment should be communicated to ~~Audit and Finance Committee~~ ~~Audit Committee~~. The ~~Audit and Finance Committee~~ ~~Audit Committee~~ will annually review and affirm the Internal Audit Charter.

# UNT | SYSTEM™

In addition, the Chief ~~Audit Executive~~ ~~Internal Auditor~~ will periodically review the quality and effectiveness of the internal audit activity to include compliance with the International Standards for the Professional Practice of Internal Auditing. This includes a Quality Assurance Review as directed by the Texas Internal Auditing Act, Chapter 2102 of the Texas Government Code. The Chief Audit Executive will communicate to the ~~Audit and Finance Committee~~ ~~Audit Committee~~ on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every three years.

## Audit and Finance Committee ~~Audit Committee~~ Chair

Chief ~~Audit Executive~~ ~~Internal Auditor~~

Date:

Adopted:

Effective:

Revised:

# UNT | SYSTEM™

## INTERNAL AUDIT CHARTER

### Introduction

---

The University Of North Texas System Board of Regents' Audit and Finance Committee, as outlined in Regent Rules 03.400 and 04.500, has established the UNT System Internal Audit Department (Internal Audit) to serve as an appraisal function to examine and evaluate the operations of the University of North Texas System and its component institutions, University of North Texas, University of North Texas Health Science Center at Fort Worth, and University of North Texas at Dallas (System).

### Purpose and Vision

---

The purpose of UNT System Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the System operations. It assists the System in accomplishing its strategic and operational objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

UNT System Internal Audit's vision is to be a world class internal audit function to enhance and protect organizational value by providing risk-based independent and objective assurance, advice, and insight.

### Role

---

The Chief Audit Executive reports to the Audit and Finance Committee. The Audit and Finance Committee recommends for approval by the Board the hiring, compensation, removal, and evaluation of the Chief Audit Executive who shall report to the Board through the Committee. At least once per year, the Audit and Finance Committee will review the performance of the Chief Audit Executive and review the letter of employment outlining the details of employment. The Chief Audit Executive shall have and maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements outlined by this charter. On an annual basis, the Chief Audit Executive will perform an evaluation of the Internal Audit Department's staff (qualifications and training, etc.)

Internal Audit Staff report directly to the Chief Audit Executive. Internal Audit activities, their purpose, authority and responsibility, performance relative to the audit plan, and audit reports are communicated by the Chief Audit Executive to the Board of Regents and all other applicable reporting entities including the State of Texas. This reporting relationship promotes independence and provides adequate consideration of audit issues, recommendations, and management action plans.

The Chief Audit Executive will also coordinate the audit efforts with the System's external auditors, and conduct independent reviews of specific issues, accounts, or incidents where applicable. Members of the Internal Audit Department will meet the continuing professional education requirements for government auditors as well as for the professional certifications they may hold.

### Authority

---

Authority is granted for full, free, and unrestricted access to any and all System records, physical properties, and personnel relevant to any function under review. Documents and information given to Internal Audit will be handled in the same prudent and professional manner as by those employees normally accountable for them.

All employees shall assist Internal Audit in fulfilling their function as requested. In the event any officer, agent, or employee of the System shall fail to cooperate fully with Internal Audit or shall otherwise hinder or prevent or attempt to hinder or prevent any audit, the Chief Audit Executive shall immediately and simultaneously report the same to the Chancellor and the Audit and Finance Committee.



# UNT | SYSTEM™

Internal Audit shall also have free and unrestricted access to the Audit and Finance Committee, the Chairman of the Board of Regents and the Chancellor.

The Chief Audit Executive and Internal Audit Staff are not authorized to assume the role of management and perform any operational duties. This includes initiating and approving accounting transactions external to the Internal Audit Department, developing policies and procedures external to the Internal Audit Department, implementing internal controls, installing systems, preparing records, engaging in any other activity that may impair Internal Audit's judgment or directing the activities of any System employee not employed by the Internal Audit Department.

The Chief Audit Executive is authorized to engage and contract with external parties related to fulfilling the function of the office. Any contract must follow all applicable Board of Regents Rules and UNT System Policies and Procedures.

## Independence

---

All Internal Audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of independence and objectivity necessary in rendering reports. Internal Audit shall exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Audit will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, approve transactions external to Internal Audit, or engage in any other activity which would normally be audited. Review and appraisal by Internal Audit does not in any way substitute for or relieve other persons in the system of their management responsibilities.

## Audit Responsibilities

---

The primary purpose of the Internal Audit function is to assist senior management and the Board of Regents in the effective execution of their responsibilities. Internal Audit completes this purpose by accomplishing the following responsibilities:

1. Reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information.
2. Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the organization is in compliance.
3. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
4. Determining compliance with policies, procedures, laws and regulations.
5. Reviewing internal controls, including those over financial reporting processes.
6. Evaluating the economy and efficiency with which resources are employed.
7. Evaluating information security.
8. Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned.
9. Reviewing specific operations at the request of the Audit and Finance Committee or management, as appropriate, and implementing the annual audit plan, as approved, including any special tasks or projects requested by management and the Board.
10. Monitoring and evaluating the effectiveness of the organization's risk management system.
11. Monitoring a central repository of hotline complaints and reporting the complaint resolution status to the Audit and Finance Committee.
12. Serving as the facilitator and coordinator for all federal, state, and other external audit agencies. Evaluating the quality of performance of external auditors and the degree of coordination with Internal Audit. External audit agencies shall contact the Chief Audit Executive for entrance and exit audit conferences.

# UNT | SYSTEM™

13. Coordinating or performing internal investigations of suspected fraud, waste and abuse and notifying management and the Board of the results.
14. Overseeing any assurance services provided by 3rd parties.

## Audit Planning

---

Annually (prior to the start of a new fiscal year), the Chief Audit Executive shall present the Internal Audit Plan as well as budget and resource requirements for the upcoming fiscal year to the Audit and Finance Committee for their recommendation for approval by the Board of Regents. The Internal Audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Board of Regents. The Chief Audit Executive will communicate the impact of resource limitations and significant priority changes to senior management and the Board of Regents. Any significant deviation from the approved audit plan shall be communicated to the Audit and Finance Committee through quarterly activity reports.

## Reporting

---

The Chief Audit Executive shall report at each regular meeting of the Audit and Finance Committee on any condition that, in the judgment of the Chief Audit Executive, could adversely affect the UNT System. Suspected fraud, theft and misuse of funds reported to the Chief Audit Executive will be promptly reported to the Chairman of the Audit and Finance Committee.

A written report will be prepared and issued by the Chief Audit Executive following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the Secretary of the Board of Regents to be provided to all Regents.

The Chief Audit Executive may include in the final audit report the management responses and corrective action taken or to be taken in regard to the specific recommendations. Management responses should be received within 10 business days from the date the draft report was sent. Each response should include the individual responsible for implementing the recommendation, the timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed.

Internal Audit is responsible for appropriate follow-up on audit recommendations and management action plans. All recommendations and management action plans will remain open and monitored until cleared by the Internal Audit Department..

## Professional Standards

---

The Internal Audit staff shall adhere to the Texas Internal Auditing Act, Chapter 2102 of the Texas Government Code, and the Institute of Internal Auditors' "Code of Ethics." Internal Audit shall conform with the Institute of Internal Auditors' "*International Standards for the Professional Practice of Internal Auditing*," (*Standards*) as contained in the International Professional Practices Framework as well as the Generally Accepted Government Auditing Standards (GAGAS).

## Periodic Assessment

---

The Chief Audit Executive will annually assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable Internal Audit to accomplish its objectives. The result of this periodic assessment should be communicated to Audit and Finance Committee . The Audit and Finance Committee will annually review and affirm the Internal Audit Charter.

In addition, the Chief Audit Executive will periodically review the quality and effectiveness of the internal audit activity to include compliance with the International Standards for the Professional Practice of Internal Auditing. This includes a Quality Assurance Review as directed by the Texas Internal Auditing Act, Chapter 2102 of the Texas Government Code. The Chief Audit Executive will communicate to the Audit and Finance Committee

# UNT|SYSTEM™

on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every three years.

## **Audit and Finance Committee Chair**

**Chief Audit Executive**

**Date:**

**Adopted:**

**Effective:**

**Revised:**