State Auditor's Office Fiscal Year 2020 Annual Internal Audit Report

Sheba Joyner, CIA, CFE
Interim Chief Audit Executive

October 5, 2020

October 5, 2020

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 2020 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,

Sheba Joyner, CIA, CFE
Interim 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

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I. Compliance with Texas Government Code, Section 2102.015

The Texas Internal Auditing Act (Texas Government Code, Section 2102.015: Publication of Audit Plan and Annual Report on Internet) requires that the internal audit plan and the internal audit annual report be posted on the institution's website. Accordingly, the UNT System Internal Audit department has posted this FY20 Annual Internal Audit Report and the approved FY21 Audit Plan at the following website: https://www.untsystem.edu/internal-reference-documents.

II. Internal Audit Plan for Fiscal Year 2020

The UNT System 2020 Audit Plan outlined the internal audit activities to be performed by Internal Audit during FY20 in accordance with responsibilities established by the UNT System Regent Rule, the Texas Internal Auditing Act, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, and Generally Accepted Government Auditing Standards, consistent with the UNT System Internal Audit Charter.

Audits that were postponed or canceled were approved by the UNT System Board of Regents, and as applicable were carried forward to the FY21 audit plan. In addition, there was a restructure within the UNT System Internal Audit department.

Report Number	Audit Name	Status	Report Date
20-002	Student Fees	Issued	05/18/20
20-003	Chancellor's Expenditure Reviews	Issued	11/18/19
20-004	UNT President's Expenditure Reviews	Issued	11/18/19
20-005	HSC President's Expenditure Reviews	Issued	11/18/19
20-006	DAL President's Expenditure Reviews	Issued	11/18/19
20-007	Investments	Issued	12/19/19
20-008	Benefits Proportionality	Issued	07/23/20
20-009	Senate Bill 20 Mandated Internal Audit	Issued	08/12/20
20-010	Student-Managed Investment Fund	Issued	07/09/20
20-011	Family Medicine Residency	Issued	11/18/19
20-012	Faculty Development	Issued	11/18/19
20-013	NCAA Compliance (Recruiting)	Issued	09/21/20
20-014	Mayborn School of Journalism Dean Transition	Issued	05/18/20
20-015	College of Education Dean Transition	Issued	07/23/20
20-016	School of Liberal Arts & Sciences Dean Transition	Issued	07/23/20
20-018	College of Liberal Arts & Social Sciences Dean Transition	Issued	05/18/20

20-019	Office of Innovative Continuing Education Delivering Outcomes (INCEDO)	Issued	05/18/20
20-029	Parking Services	Issued	05/18/20
20-030	UNT Grants and Contracts Compliance	Issued	07/14/20
20-031	HSC Grants and Contracts Compliance	Issued	05/18/20
20-032	DAL Grants and Contracts Compliance	Issued	09/28/20
20-033	UNT Effort Reporting Process	Issued	07/14/20
20-034	HSC Effort Reporting Process	Issued	05/18/20
20-035	DAL Effort Reporting Process	Issued	09/25/20
20-053	DAL Workstation Cybersecurity Preparedness	Issued	05/18/20
20-054b	UNT Workstation Cybersecurity Preparedness - Computing for Arts + Sciences	Issued	05/18/20
20-054c	UNT Workstation Cybersecurity Preparedness - College of Business	Issued	05/18/20
20-054d	UNT Workstation Cybersecurity Preparedness - College of Education	Issued	05/18/20
20-054e	UNT Workstation Cybersecurity Preparedness - Texas Academy of Mathematics and Science	Issued	05/18/20
20-054f	UNT Workstation Cybersecurity Preparedness - Libraries	Issued	05/18/20
20-054g	UNT Workstation Cybersecurity Preparedness - College of Engineering	Issued	05/18/20
20-054h	UNT Workstation Cybersecurity Preparedness - College of Health and Public Service	Issued	05/18/20
20-054i	UNT Workstation Cybersecurity Preparedness - College of Merchandising, Hospitality, and Tourism	Issued	05/18/20
20-054j	UNT Workstation Cybersecurity Preparedness - College of Visual Arts and Design	Issued	05/18/20
20-054k	UNT Workstation Cybersecurity Preparedness - College of Music	Issued	05/18/20
20-054l	UNT Workstation Cybersecurity Preparedness - College at Frisco	Issued	05/18/20
N/A	External Audit Fieldwork Assistance - Grant Thornton	Completed	
N/A	Training and Education Outreach Services - New Business Manager Orientation	Completed	
N/A	Facilitation of Co-Sourcing IT & Internal IT Projects	On-going	
N/A	Enterprise Risk Management	On-going	
N/A	Investigations	On-going	
N/A	Follow-Up of Prior Audits	On-going	
N/A	IT Application Project Prioritization	Canceled	
N/A	Software Post Implementation Review (Concur)	Canceled	
N/A	Internal Process Improvement Training	Canceled	
N/A	IT Shared Services Disaster Recovery	Canceled	
N/A	UNT Minors on Campus	Canceled	
N/A	DAL Minors on Campus	Canceled	

N/A	Contract Processes	Canceled	
N/A	Incidental Fees	Canceled	
N/A	Dining Services	Canceled	
N/A	Physician Compensation Model	Canceled	
N/A	Control Self-Assessment - TBD	Canceled	
N/A	Self-Audits - TBD	Canceled	
N/A	School of Medicine Financial Processes	Carry-Forward to FY21	
FY19 Audits Issued in FY20			
19-006	Benefits Proportionality	Issued	11/18/19
19-021	College of Law Business Processes Audit (Auxiliary)	Issued	02/17/20
19-027	System Accessibility and Availability Uptime	Issued	11/18/19
19-028	Data Classification and Protection of Information	Issued	11/18/19
19-035	UNT Grants and Contracts Compliance	Issued	11/18/19
19-036	HSC Grants and Contracts Compliance	Issued	11/18/19
19-038	UNT Effort Reporting Process	Issued	11/18/19
19-039	HSC Effort Reporting Process	Issued	11/18/19
19-060	Correcting Journal Entries	Issued	11/18/19
19-062	Caruth Police Institute Transition Audit	Issued	02/17/20
19-079	College of Engineering Dean Transition Audit	Issued	11/18/19
N/A	HSC Title IV Compliance	Issued	08/20/19

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 FY21 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 12, 2020, which assessed the work performed in FY20.

III. Consulting Services and Nonaudit Services Completed

Title: Software Application Rationalization Project
Number: N/A
Dates: FY20
Objective: Providing IT audit consulting services regarding Software Asset Management.

Title: UNTS Enterprise Risk Management (ERM)
Number: N/A
Dates: FY20
Objective: Providing consulting services to project team and management on ERM.

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 June 2020. A copy of the report is at ***Appendix A***.

V. Internal Audit Plan for Fiscal Year 2021

The Fiscal Year 2021 Internal Audit Plan for the University of North Texas System Internal Audit Department was approved by the Board of Regents on August 13, 2020.

The plan was prepared using a risk-based approach to ensure that areas and activities with the greatest risk are identified and given consideration to be audited. A copy of the plan, including budgeted hours and audits addressing certain State requirements, is included at ***Appendix B***.

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 FY21 audit plan.

VI. External Audit Services Procured in Fiscal Year 2020

- External Audit of the System's Financial Statements, BKD LLP
- Compliance Audit of the Title IV Program, BKD LLP
- Cancer Prevention and Research Institute of Texas Grants Program Audit, BKD LLP
- Southern Association of Colleges and Schools Commission on Colleges Review, BKD LLP
- NCAA Agreed-Upon Procedures, Merki & Associates P.C.
- Annual Actuarial Analysis and Report for UNT Health Self-Insurance Plan, Fred R. White Company, Inc.

VII.   Reporting Suspected Fraud and Abuse

To comply with the requirements of Section 7.09, Fraud Reporting, General Appropriations Act (85th Legislature), page IX-38, each entity in the UNT System provides a reporting mechanism on its public website for suspected instances of fraud, waste, and abuse of state resources. The UNT System entities' websites include information on how to report suspected fraud and abuse.

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

Appendix A:
External Quality Assessment Report

June 5, 2020

The University of North Texas System Board of Regents,

In accordance with the Texas Internal Auditing Act (Government Code Chapter 2102), International Standards for the Professional Practice of Internal Auditing, and the Generally Accepted Government Auditing Standards, an External Quality Assessment was performed of our Internal Auditing function at the University of North Texas System.

We are in agreement with all recommendations and opportunities for improvement presented in the final report dated 06/05/20. We are committed to the implementation of all suggestions to ensure compliance with standards and strengthen the UNTS Internal Audit function. We will communicate the status of all efforts and improvements to the UNTS Chancellor and Board of Regents.

If you have any questions or concerns, please let me know.

Sincerely,

Sheba Joyner

UNIVERSITY OF NORTH TEXAS SYSTEM EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT

June 5, 2020

LETTER OF TRANSMITTAL

June 5, 2020

This quality assessment provides management with information about the Internal Audit activity at UNTS as of June 5, 2020. Future changes in environmental factors and actions by personnel, including actions taken to address our recommendations, may have an impact upon the operation of Internal Audit in a manner that this report did not and cannot anticipate.

Considerable professional judgment is involved in evaluating the findings and developing our recommendations. Accordingly, it should be recognized that others could evaluate the results differently and draw different conclusions. The criteria that we used to determine our views on conformance with the International Standards for the Professional Practice of Internal Auditing are defined in Appendix I to this report and are consistent with the guidance provided by The Institute of Internal Auditors in their Quality Assessment Manual. The criteria that we used to determine our views on conformance with the Generally Accepted Government Auditing Standards ("GAGAS") are defined in Appendix II to this report.

Ms. Sheba Joyner
Interim Chief Audit Executive
University of North Texas System

Dear Ms. Joyner,

Protiviti completed its external quality assessment review ("EQA") of the Internal Audit ("IA") Department at University of North Texas System's ("UNTS") on June 5, 2020. An EQA is required under the Texas Internal Auditing Act (Government Code Chapter 2102), at least once every three years. Our EQA had four main objectives:

- Assess IA's conformance with the IIA Standards;

- Assess IA's Conformance with the Generally Accepted Government Auditing Standards ("GAGAS");

- Assess the effectiveness of IA within the context of the function's charter and stakeholder expectations; and

- Provide counsel to IA on improvement opportunities and/or emerging practices.

Overall, we found that the UNTS IA function **Generally Conforms** to the IIA Standards and **Passes With Deficiencies** against GAGAS. Our report describes areas where we believe IA is operating in accordance with the standards, conformance gaps, improvement opportunities, and feedback from your key stakeholders. This information is consistent with our view that an external EQA should provide insight and ideas for positive change in your function.

Very truly yours,

Clint McPherson
Managing Director
Protiviti Inc.

Alex Speck
Director
Protiviti Inc.

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EXECUTIVE SUMMARY

OBJECTIVES AND SCOPE

External Quality Assessment Objectives

- Assess IA's conformance with the IIA Standards and GAGAS;

- Assess the effectiveness of IA within the context of the function's charter and stakeholder expectations; and

- Provide counsel to IA on improvement opportunities and/or emerging practices.

Scope of External Quality Assessment Activities

Our scope was designed to include the following considerations:

- Conformance with the IIA Standards and GAGAS.

- Evaluate the approach taken to assessing organizational controls and aspects of governance.

- The UNTS audit universe and the method followed to conduct the annual risk assessment leading to the audit plan.

- The IA organizational structure, staffing, and approach in audit plans to ensure that audit activities add value to the enterprise.

- The mix of knowledge, experience, and disciplines within the IA activity staff, including staff focus on process improvement and value-added activities.

- The tools and technology employed by the IA activity.

- Identify ways to enhance IA policies and practices.

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IIA STANDARDS CONFORMANCE SUMMARY

Overall, we found that the UNTS IA function **Generally Conforms** to the IIA Standards. This is the highest rating available for an internal audit activity. Conformance ratings for each of the Standards are summarized below. Rating definitions are detailed in Appendix I.

IIA Standard	Rating
1000 – Purpose, Authority, and Responsibility (Charter)	Generally Conforms
1100 – Independence and Objectivity	Partially Conforms
1200 – Proficiency and Due Professional Care	Generally Conforms
1300 – Quality Assurance and Improvement Program	Partially Conforms
2000 – Managing the Internal Audit Activity	Partially Conforms
2100 – Nature of Work	Generally Conforms
2200 – Engagement Planning	Generally Conforms
2300 – Performing the Engagement	Generally Conforms
2400 – Communicating Results	Generally Conforms
2500 – Monitoring Progress	Generally Conforms
2600 – Communicating the Acceptance of Risks	Generally Conforms
The Institute of Internal Auditor's Code of Ethics	Generally Conforms
Overall Rating	Generally Conforms

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IIA STANDARDS CONFORMANCE GAPS (1/3)

We identified the following conformance gaps based on our analysis of conformance with the IIA Standards.

The following conformance gaps were identified:

Conformance Gap Details	Recommended Actions
1100/G1 – Based on stakeholder interviews, it is apparent that the relationships between the CAE and some members of senior management (especially within UNTHSC) mean that IA is not totally free from conditions that may threaten its ability to carry out responsibilities in an unbiased manner. It is also apparent that the CAE does not have direct and unrestricted access to all records and/or members of senior management within UNTHSC.	**1100/R1** – The CAE has already delegated communications with UNTHSC senior management to the IA Senior Director overseeing that institution. However, a longer-term solution should be sought to re-build relationships between the CAE and senior management within UNTHSC.
1220/G1 – There is no consistent process to make use of data or technology-based audit techniques as part of audit planning and/or execution activities.	**1220/R1** – A strategy and roadmap to embed dynamic risk assessment, data analytics and continuous monitoring into the audit plan should be prepared.
1230/G1 – IA team members are required to upload their CPE training certificates to the UNTS IA Annual CPE tracking file. Per review of the file, it was noted that not all team members were obtaining or recording all required 40 CPE hours each year. Further, there is no evidence that the IA function collectively completes, and tracks, continued professional education requirements in accordance with GAGAS.	**1230/R1** – IA should establish a process to centrally collect and monitor CPE completion records of IA team members in accordance with IIA and GAGAS requirements.

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IIA STANDARDS CONFORMANCE GAPS (2/3)

We identified the following conformance gaps based on our analysis of conformance with the IIA Standards.

The following conformance gaps were identified:

Conformance Gap Details	Recommended Actions
• **1310/G1** – As it relates to internal assessments, the QAIP policy clearly defines ongoing monitoring, but it does not define the nature of periodic self assessments.	• **1310/R1** – The QAIP policy should specifically define the nature of periodic assessments.
• **1320/G1** – There is no evidence that the CAE has communicated the status of improvement initiatives resulting from internal or external periodic assessments. For example, recommendation 1311/I1 in this report was also a recommendation in the 2017 External Quality Assessment and the status of the resulting action has not been reported on.	• **1320/R1** – The CAE should provide regular updates to senior management and the board relating to results of the QAIP and resulting actions. The updates should also include details on how IA is performing against established performance indicators.
• **2000/G1** – Over 90% of the FY20 plan consists of assurance audits that are focused on the 'rear view'. In addition, the general perception from management was that audits were not strategic and offered limited additional value beyond basic assurance. The theme of this observation was also identified in the 2017 External Quality Assessment.	• **2000/R1** – To improve IA's reputation as a value-added partner within the institution, IA should allocate at least 20% of the annual plan to advisory/consulting projects focused on emerging risks, significant projects and improving process efficiencies. IA should also develop a strategic plan to articulate how IA adds value to the institution, in alignment with its goals and strategies.

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IIA STANDARDS CONFORMANCE GAPS (3/3)

We identified the following conformance gaps based on our analysis of conformance with the IIA Standards.

The following conformance gaps were identified:

Conformance Gap Details	Recommended Actions
• **2050/G1** – Through interviews with IA, senior management, Compliance, and the board, it is clear there is no shared view of IA's role in providing assurance in coordination with the other institutional assurance functions. The theme of this observation was also identified in the 2017 External Quality Assessment.	• **2050/R1** – IA should define and communicate a clear vision and strategy for the coordination of assurance activities across the institution. This coordination strategy should be agreed upon with senior management, the Chancellor and the Board of Regents.
• **2120/G1** – A significant portion of hours budgeted for IT Audit are reserved as "unallocated" at the start of the year. While these hours are typically used by IT auditors to support business process audits, the IA Plan does not provide full visibility over the coverage of IT risks.	• **2120/R1** – IA should increase the transparency of IT risk coverage included in the annual plan by providing more detail of the expected IT audit work to be performed during integrated audits and mapping back to IT risks.
• **2410/G1** – Feedback from interviews supported our analysis that audit reports were not clear and concise in bringing to attention the most critical aspects of the report.	• **2410/R1** – A concise Executive Summary should be designed and added to audit reports to quickly bring attention to the most important audit results and findings.
• **2420/G1** – As there is no formal audit finding risk rating methodology, there is a lack of transparency and consistency around the risk ratings assigned to findings across audits.	• **2420/R1** – A framework to determine the risk level of audit findings should be developed and applied consistently across all audit engagements. This will reduce the chance of inconsistent ratings being issued across audits.

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GAGAS CONFORMANCE SUMMARY

Overall, we found that the UNTS IA function **Passes With Deficiencies ("PWD")** regarding GAGAS. Conformance ratings for each of the Standards are summarized below. Rating definitions are detailed in Appendix II.

GAGAS Chapter	Rating
Chapter 1 - Foundation and Principles for the Use and Application of Government Auditing Standards	**Pass**
Chapter 2 - General Requirements for Complying with Government Auditing Standards	**Pass**
Chapter 3 - Ethics, Independence, and Professional Judgment	**Pass With Deficiencies**
Chapter 4 - Competence and Continuing Professional Education	**Pass With Deficiencies**
Chapter 5 - Quality Control and Peer Review	**Fail**
Chapter 6 - Standards for Financial Audits	**Not Applicable**
Chapter 7 - Standards for Attestation Engagements and Reviews of Financial Statements	**Not Applicable**
Chapter 8 - Fieldwork Standards for Performance Audits	**Pass With Deficiencies**
Chapter 9 - Reporting Standards for Performance Audits	**Pass With Deficiencies**
Overall Rating	**Pass With Deficiencies**

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GAGAS CONFORMANCE GAPS (1/3)

GAGAS gaps and related recommendations are detailed below. Where gaps and/or recommendations align with previously stated gaps with the IIA Standards, the relevant IIA Standard has been cross-referenced.

Chapter Reference	Conformance Gap Details	Recommended Actions	Rating
Chapter 3 - Ethics, Independence, and Professional Judgment			**PWD**
3.19 - Independence and Objectivity	Refer to IIA conformance gap 1100/G1	Refer to IIA recommendation 1100/R1	
Chapter 4 - Ethics, Independence, and Professional Judgment			**PWD**
4.12 - Third-Party Auditor Assessment	**CH4/G1 -** There is no consistent process to assess and document the competence, qualifications, and independence of external specialists assisting the engagement team on audit engagements.	**CH4/R1 -** A co-sourcing checklist that leverages GAGAS interpretive guidance should be utilized to facilitate a more robust evaluation of the competence, qualifications and independence of specialists assisting the engagement team.	
4.16, 4.17, 4.18, 5.16 - CPE Requirements	Refer to IIA conformance gap 1230/G1	Refer to IIA recommendation 1230/R1	

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GAGAS CONFORMANCE GAPS (2/3)

GAGAS gaps and related recommendations are detailed below:

Chapter Reference	Conformance Gap Details	Recommended Actions	Rating
Chapter 5 - Quality Control and Peer Review			**Fail**
5.44 - QAIP Reporting	Refer to IIA conformance gap 1310/G1	Refer to IIA recommendation 1310/R1	
5.45 - QAIP Actions	Refer to IIA conformance gap 1320/G1	Refer to IIA recommendation 1320/R1	
5.60-5.95 - Peer Review	**CH5/G1** - As it relates to external peer reviews, the QAIP policy clearly defines requirements outlined in section 5.60 and 5.84. However, assessment against GAGAS was not included in the scope of the 2017 peer review.	**CH5/R1** - A peer review process should be implemented that ensures compliance with all GAGAS requirements including the items below: • Assessment of peer review risk • Peer review report ratings • Availability of the peer review report to the public • Peer review scope • Peer review intervals (every 3 years) • Written agreement for the peer review • Peer review team make-up • Report content • The audit team's response to the peer review report.	

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GAGAS CONFORMANCE GAPS (3/3)

GAGAS gaps and related recommendations are detailed below:

Chapter Reference	Conformance Gap Details	Recommended Actions	Rating
Chapter 8 - Fieldwork Standards for Performance Audits			**PWD**
8.27, 8.30, 8.68, 8.136 – Engagement Planning	**CH8/G1** - Although the UNTS IA Manual addresses key planning activities, there is no consistent process during the audit planning phase to assess GAGAS requirements including: • Impact of investigations or legal proceedings significant to the audit objectives • Corrective actions to address findings and recommendations from previous engagements • Identification of laws, regulations, and grant agreements that are significant to the audit objectives	Refer to IIA recommendation - 2220/I1	
Chapter 9 - Reporting Standards for Performance Audits			**PWD**
9.21 – Reporting Conclusions	Refer to IIA conformance gap 2420/G1	Refer to IIA recommendation - 2420/I1	

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CONFORMANCE WITH IIA STANDARDS

Detailed Analysis

IIA STANDARDS DETAILED ANALYSIS (1/12)

1000 – Purpose, Authority, and Responsibility — Generally Conforms

The purpose, authority, and responsibility of the Internal Audit activity must be formally defined in an Internal Audit Charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The Chief Audit Executive (CAE) must periodically review the Internal Audit Charter and present it to Senior Management and the Board for approval.

IIA Standards Performance Gaps	Recommendations to Address Gaps
• None noted.	• None noted.

Strengths	Improvement Opportunities
• **1000/S1 –** The IA Charter contains the purpose, responsibility, and authority of the IA function. The charter provides IA with full access to any of the institution's activities, records, physical properties, and personnel relevant to the performance of its audit work.	• **1000/I1 –** Due to the co-sourcing model in place, the IA Charter should include Internal Audit's responsibility to oversee any assurance services provided by 3rd parties.

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IIA STANDARDS DETAILED ANALYSIS (2/12)

1100 – Independence and Objectivity | Partially Conforms

The Internal Audit activity must be independent, and internal auditors must be objective in performing their work.

IIA Standards Performance Gaps

- **1100/G1 –** Based on stakeholder interviews, it is apparent that the relationship between the CAE and some members of senior management (especially within UNTHSC) mean that IA is not totally free from conditions that may threaten its ability to carry out responsibilities in an unbiased manner. It is also apparent that the CAE does not have direct and unrestricted access to all records and/or members of senior management within UNTHSC.

Recommendations to Address Gaps

- **1100/R1 –** The CAE has already delegated communications with UNTHSC senior management to the IA Senior Director overseeing that institution. However, a longer-term solution should be sought to re-build relationships between the CAE and senior management within UNTHSC.

Strengths

- **1100/S1 –** IA staff members complete an annual Independence and Objectivity attestation. The Chief Audit Executive (CAE) reviews and approves the forms.
- **1110/S1 –** IA has clearly defined reporting lines and reports functionally to the Audit Committee.
- **1110/S2 –** The IA Charter and the IA Policy and Procedures Manual include sections dedicated to independence and objectivity, including the process to identify, manage and report any conflicts.

Improvement Opportunities

- None noted.

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IIA STANDARDS DETAILED ANALYSIS (3/12)

1200 – Proficiency and Due Professional Care	Generally Conforms

Engagements must be performed with proficiency and due professional care.

IIA Standards Performance Gaps

- **1220/G1 –** There is no consistent process to make use of data or technology-based audit techniques as part of audit planning and/or execution activities.
- **1230/G1 –** IA team members are required to upload their CPE training certificates to the UNTS IA Annual CPE tracking file. Per review of the file, it was noted that not all team members were obtaining or recording all required 40 CPE hours each year. Further, There is no evidence that the IA function collectively completes, and tracks continued professional education requirements in accordance with GAGAS.

Recommendations to Address Gaps

- **1220/R1 –** A strategy and roadmap to embed dynamic risk assessment, data analytics and continuous monitoring into the audit plan should be prepared.
- **1230/R1 –** IA should establish a process to centrally collect and monitor CPE completion records of IA team members in accordance with IIA and GAGAS requirements.

Strengths

- **1210/S1 –** IA has staff with an appropriate amount of professional experience. The team averages 15 years of overall Internal Audit experience.
- **1210/S2 –** IA obtains specialty audit skills where internal skill gaps are identified by engaging 3rd party service providers to supplement existing staff.
- **1220/S1 –** There is a suitable review of work papers by audit supervisors as evidenced by sign-offs within TeamMate.
- **1230/S1 –** IA management budgets $3,500 annually for each IA employee to attend training, maintain licenses and CPE requirements and to obtain new certifications.

Improvement Opportunities

- **1210/I1 –** There is a history of IA resources moving into operational roles within the institution. To expand on this, IA could establish a formal rotational program to help facilitate more diverse career paths for members of the team and enhance its reputation across the institution.

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IIA STANDARDS DETAILED ANALYSIS (4/12)

1300 – Quality Assurance and Improvement Program	**Partially Conforms**

The Chief Audit Executive must develop and maintain a Quality Assurance and Improvement Program that covers all aspects of the Internal Audit activity. Three key elements of a QAIP are the internal ongoing monitoring, internal periodic assessments and external assessments.

IIA Standards Performance Gaps

- **1310/G1 –** As it relates to internal assessments, the QAIP policy clearly defines ongoing monitoring, but it does not define the nature of periodic self assessments.
- **1320/G1 –** There is no evidence that the CAE has communicated the status of improvement initiatives resulting from internal or external periodic assessments. For example, recommendation 1311/I1 in this report was also a recommendation in the 2017 External Quality Assessment and the status of the resulting action has not been reported on.

Recommendations to Address Gaps

- **1310/R1 –** The QAIP policy should specifically define the nature of internal periodic self-assessments.
- **1320/R1 –** The CAE should provide regular updates to senior management and the board relating to results of the QAIP and resulting actions. The updates should also include details on how IA is performing against established performance indicators.

Strengths

- **1311/S1 –** IA conducts internal ongoing assessments including detailed audit planning, management supervision, review of work papers, and review of issues prior to audit report issuance.
- **1311/S2 –** IA performs periodic internal and external peer reviews of its policies and processes to ensure alignment with the IIA Standards.
- **1320/S1 –** IA communicates the results of periodic internal and external assessments to the Audit Committee.

Improvement Opportunities

- **1311/I1 –** Implement key performance indicators to measure IA's efficiency and effectiveness in planning, process, management, skills, and hiring and retention. Examples include, experience and skills of IA team members, average execution time for each audit phase, actual vs. planned hours, etc. The theme of this observation was also identified in the 2017 External Quality Assessment.

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IIA STANDARDS DETAILED ANALYSIS (5/12)

2000 – Managing the Internal Audit Activity — **Partially Conforms**

The Chief Audit Executive must effectively manage the Internal Audit activity to ensure it adds value to the organization.

IIA Standards Performance Gaps

- **2000/G1 –** Over 90% of the FY20 plan consists of assurance audits that are focused on the 'rear view'. In addition, the general perception from management was that audits were not strategic and offered limited additional value beyond basic assurance. The theme of this observation was also identified in the 2017 External Quality Assessment.
- **2050/G1 –** Through interviews with IA, senior management, Compliance, and the board, it is clear there is no shared view of IA's role in providing assurance in coordination with the other institutional assurance functions. The theme of this observation

Recommendations to Address Gaps

- **2000/R1 –** To improve IA's reputation as a value-added partner within the institution, IA should allocate at least 20% of the annual plan to advisory/consulting projects focused on emerging risks, significant projects and improving process efficiencies. IA should also develop a strategic plan to articulate how IA adds value to the institution, in alignment with its goals and strategies.
- **2050/R1 –** IA should define and communicate a clear vision and strategy for the coordination of assurance activities across the institution. This coordination strategy should be agreed upon with senior management, the Chancellor and the Board of Regents.

Strengths

- **2010/S1 –** IA's Audit Plan is derived from the annual risk assessment, which is an aggregation of campus and system risk assessments, and discussions with senior management.
- **2010/S2 –** Entities within the Audit Universe are risk assessed based on factors including, regulatory, compliance, fraud, reputational, financial, IT and operational risk.
- **2010/S3 –** The Audit Plan is re-evaluated regularly to remain responsive to changes in each Audit Entity's risk profile, emerging risks, and other factors, such as investigations and management requests.

Improvement Opportunities

- **2010/I1 –** Approximately 33% of the 2020 Audit Plan was assigned as 'unallocated hours' intended for addressing emerging risks. In order to provide more transparency over the risk coverage of the audit plan before it is approved, IA should include more risk-based audits in the plan as a starting point. Adjustments to the plan, based on emerging risks, could still be made and communicated as required.
- **2040/I1 –** IA Policies & Procedures related to the risk assessment should be updated to include: 1) reviewing completeness of the audit universe, 2) coordination of risk data with other risk assessment activities including Compliance and ERM.

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IIA STANDARDS DETAILED ANALYSIS (6/12)

2100 – Nature of Work | Generally Conforms

The Internal Audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal Audit credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.

IIA Standards Performance Gaps

- **2120/G1 –** A significant portion of hours budgeted for IT Audit are reserved as "unallocated" at the start of the year. While, these hours are typically used by IT auditors to support business process audits, the IA Plan does not provide full visibility over the coverage of IT risks.

Recommendations to Address Gaps

- **2120/R1 –** IA should increase the transparency of IT risk coverage included in the annual plan by providing more detail of the expected IT audit work to be performed during integrated audits and mapping back to IT risks.

Strengths

- **2100/S1 –** The work of IA includes assessment of the institution's risks, controls and governance processes, including assessment of institutional compliance and ethics.
- **2120/S1 –** IA routinely performs a detailed fraud analysis as part of their audit planning process. This analysis is documented and maintained in the workpapers.

Improvement Opportunities

- **2120/I1 –** IT audits and reports appear to be narrowly scoped in some instances which limits value and insights provided and restricts the ability of Internal IT Audit to address root causes effectively.
- **2130/I1 –** Although IA supports the external auditor to execute the financial audits, there is an opportunity to improve the financial risk assessment process and subsequent coverage of key financial reporting risks within the audit plan.

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2200 – Engagement Planning | Generally Conforms

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organization's strategies, objectives, and risks relevant to the engagement.

IIA Standards Performance Gaps

- None noted.

Recommendations to Address Gaps

- None noted.

Strengths

- **2201/S1 –** The audit process is documented in the Internal Audit Policies & Procedures Manual. The document describes the detailed process undertaken to perform audit planning and expected deliverables, including the Project Assignment Form, Risk and Control Matrix (RACM), and Audit Program.
- **2201/S2 –** UNTS has established a brainstorming workshop as a required component of the planning process to ensure that audit team members have an opportunity to provide input into scoping and risk identification prior to the onset of fieldwork.
- **2201/S3 –** An IT Controls Questionnaire is issued during the planning phase on each audit to identify potential IT-related risks for inclusion in the audit scope.

Improvement Opportunities

- **2201/I1 –** The high-level scope and the rationale for conducting the audit (e.g. rotating frequency based on assessed level of risk, recent changes to business processes or systems, or requested by management) should be included within the audit announcement letters to stakeholders.
- **2220/I1 –** To enhance the planning audit process, IA should implement an Audit Planning Memo that summarizes key audit planning and scoping considerations (e.g. objectives, risks, regulatory considerations, legal proceedings, prior audit findings, IT systems, recent changes to business processes etc.) . The Audit Planning Memo should be reviewed and approved prior to the audit fieldwork commencing.
- **2230/I1 –** A monthly process to reconcile recorded time tracking data from TeamMate to planned audit budgets should be implemented by IA leadership.

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2300 – Performing the Engagement — **Generally Conforms**

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

IIA Standards Performance Gaps	Recommendations to Address Gaps
• None noted.	• None noted.

Strengths

- **2300/S1 –** Processes and templates required to execute the audit are clearly documented in the Policies & Procedures Manual.
- **2330/S1 –** IA uses TeamMate as its Audit Management System. This ensures a high level of control over access to audit documentation and consistency of audit execution.
- **2340/S1 –** Appropriate audit supervisors are assigned to each audit. Review and sign-off of audit workpapers by appropriate audit supervisors is clearly evidenced in TeamMate.

Improvement Opportunities

- **2320/I1 –** IA's sample testing approach is over-reliant on time-consuming, manual document reviews. IA should leverage advanced technologies (e.g. including data analytics and Robotic Process Automation) to increase testing efficiency and allow more efficient coverage of audit populations.
- **2320/I2 –** Using data available from within the institution, IA should implement a continuous monitoring program to provide more timely risk and control insights.

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2400 – Communicating Results
Generally Conforms

Internal auditors must communicate the engagement results.

IIA Standards Performance Gaps

- **2410/G1 –** Feedback from interviews supported our analysis that audit reports are not as clear and concise in bringing to attention the most critical aspects of the report as desired.
- **2420/G1 –** As there is no formal audit finding risk rating methodology, there is a lack of transparency and risks of inconsistencies around the risk ratings assigned to findings across audits.

Recommendations to Address Gaps

- **2410/R1 –** A concise Executive Summary should be designed and added to audit reports to quickly bring attention to the most important audit results and findings.
- **2420/R1 –** A framework to determine the risk level of audit findings should be developed and applied consistently across all audit engagements. This will reduce the chance of inconsistent ratings being issued across audits.

Strengths

- **2420/S1 –** Audit reports include the required elements of the IIA Standards including the Scope, Objectives, Conclusions and Actions resulting from each audit.
- **2420/S2 –** Audit reports are distributed to a relevant audience that enables high visibility to audit findings across the relevant parts of the institution.
- **2420/S3 –** For each audit finding, IA documents the risk, root cause, significance of issue, and impact to the business if not remediated.
- **2440/S1 –** There is evidence in TeamMate that the CAE and Senior Directors approve the final engagement communication before issuance.

Improvement Opportunities

- **2420/I1 –** IA could facilitate improved knowledge sharing across the institution outside of the audit reporting process by regularly communicating leading practices and views on emerging risks**.**

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IIA STANDARDS DETAILED ANALYSIS (10/12)

2500 – Monitoring Progress | Generally Conforms

The Chief Audit Executive must establish and maintain a system to monitor the disposition of results communicated to management.

IIA Standards Performance Gaps	Recommendations to Address Gaps
• None noted.	• None noted.

Strengths	Improvement Opportunities
• **2500/S1 –** IA monitors the status of management action plans based on the due date agreed in the report of each audit. IA conducts a 60-day, 30-day, and 10-day follow-up process prior to the issue remediation due dates. • **2500/S2 –** The status and results of management action plans are communicated to senior management and the board in a clear and concise manner each quarter. • **2500/S3 –** IA has significantly lowered outstanding open management recommendations in recent years, indicating that audit recommendations are taken seriously across the institution.	• None noted.

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IIA STANDARDS DETAILED ANALYSIS (11/12)

2600 – Communicating the Acceptance of Risks	Generally Conforms

When the Chief Audit Executive believes that Senior Management has accepted a level of residual risk that may be unacceptable to the organization, the CAE must discuss the matter with Senior Management. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the Board.

IIA Standards Performance Gaps	Recommendations to Address Gaps
• None noted.	• None noted.

Strengths	Improvement Opportunities
• **2600/S1 –** Feedback from stakeholders indicated that IA remains objective when discussing differences of opinion on the risk of audit comments and is pragmatic in their approach to resolve any disagreements on risk.	• None noted.

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IIA STANDARDS DETAILED ANALYSIS (12/12)

IIA Code of Ethics — Generally Conforms

Internal auditors are expected to apply and uphold the following principles:
- Integrity, Objectivity, Confidentiality, Competency

IIA Standards Performance Gaps
- None noted.

Recommendations to Address Gaps
- None noted.

Strengths
- **COE/S1 –** Annually, the IA staff complete a UNT System Internal Auditor's Independence & Ethics Statement requiring, among other things, they attest they've read the UNT System Ethics and Standards of Conduct Policy.
- **COE/S2 –** The IA Charter includes the required wording on adherence to the IIA Code of Ethics.

Improvement Opportunities
- None noted.

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STAKEHOLDER INTERVIEWS

KEY STAKEHOLDERS INTERVIEWED (1/2)

The following stakeholders were interviewed to obtain their feedback on the performance of the Internal Audit Department:

Management	
Alan Stucky, Vice Chancellor Office of General Counsel – UNTS	Gregory Anderson, CFO and VP for Finance & Operations – UNTHSC
Barbara Abercrombie, Chief Human Capital Officer – UNTS	Jennifer Cowley, Provost & VP for Academic Affairs – UNT
Betty Stewart, Provost & VP for Academic Affairs - UNTD	Jim Main, CFO - UNTD
Bob Brown, CFO – UNT	Joanne Woodard, VP for Institutional Equity and Diversity – UNT
Bob Mong, President – UNTD	Larry Worthy, Executive Director of Asset Protection – UNT
Brian Gladue, VP Research – UNTHSC	Lesa Roe, Chancellor – UNTS
Charles Taylor, Provost – UNTHSC	Mark McLellan, Vice President for Research – UNT
Charlotte Russell, Chief Information Security Officer – UNTS	Michael Williams, President – UNTHSC
Chief Ed Reynolds, Police Chief – UNT	Neal Smatresk, President – UNT
Chris McCoy, CIO - UNTS & UNT	Paula Welch, System Controller – UNTS
Clay Simmons, Chief Compliance Officer – UNT	Rosemary Haggett, Vice Chancellor of Academic Affairs & Student Success
Dan Tenney, Vice Chancellor of Finance & System CFO – UNTS	Scott Dunkle, UNT Director for Environmental Risk – UNT
Desiree Ramirez, Chief Compliance and Integrity Officer – UNTHSC	Steve Maruszewski, Vice Chancellor of Facilities – UNTS
Elizabeth With, VP of Student Affairs – UNT	Tim Willette, Chief Compliance Officer – UNTS
	Wanda Boyd, Director of Equity, Diversity and Inclusion and Title IX Coordinator – UNTS

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KEY STAKEHOLDERS INTERVIEWED (2/2)

The following stakeholders were interviewed to obtain their feedback on the performance of the Internal Audit Department:

Internal Audit
Tracy Grunig, CAE
Carissa Spinks, Senior Director - UNT, UNTD
Mickie Tate, Senior Director, IT Audit – UNTS
Sheba Joyner, Senior Director - UNTS, UNTHSC
Alfred Winder, Lead Internal Auditor – UNT, UNTD
Gregory Kigan, Senior Financial Auditor – UNTS
Amedari Ajayi, Senior Internal Auditor Continuous Auditing – UNT, UNTD
Sue Pagel, Senior IT Auditor – UNTS
Kelly Iske, Senior Staff Auditor – UNTS, UNTHSC
Jonathan Akisanmi, Senior Internal Auditor – UNT, UNTD
Amber Jackson, Staff Auditor – UNT, UNTD
Ryan Knight, Staff Auditor – UNT, UNTD
Keeley Hennessey, Internal Audit Associate – UNT, UNTD
Rosa Lopez, Internal Audit Associate – UNT, UNTD

Board of Regents
Brint Ryan, Former Board Chairman
Carlos Munguia, Board Audit Committee Chairman
Dan Feehan, Board Audit Committee
Laura Wright, Board Chairman
Melisa Denis, Board Audit Committee

- **Key stakeholders were identified in consultation with the UNTS Project Manager.**
- **All non-IA interviews were conducted privately without IA present.**

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INTERVIEW FEEDBACK THEMES

The feedback obtained during stakeholder interviews was wide-ranging from positive to negative. The comments below represent general themes that were expressed by more than one stakeholder during the interviews.

Key Interview Themes

- **Management Relationships** – More can be done to present IA consistently as a trusted advisor and value-adding function. There is conflict between some members of senior management and IA leadership that impacts the ability to build effective working relationships..

- **Audit Committee Relationships** – IA has built good relationships with the Audit Committee and long-standing members have observed improvement in the performance of IA.

- **Alignment with UNTS Strategy** – There is a general perception from management that 1) the current risk assessment process and audit plan do not provide sufficient coverage of emerging risks, and 2) audits are not strategic and offer limited additional value beyond basic assurance.

- **Coordination** – The level of coordination with Compliance varies across campuses. Generally, interview feedback suggested stakeholders felt that the Compliance, ERM and IA risk assessment processes were repetitive and there is limited effective coordination.

- **IT Audit** – There does not appear to be sufficient coverage of IT risks across the institution.

- **IA Budget** – There is a general perception that the Internal Audit function appears too large for the size and complexity of the organization.

- **Quality of Work** – The work of IA is generally seen to be of good quality, although not always strategic in nature. However, the audit process appears to be heavily manual, with limited use of technology.

- **Engagement Performance and Communication** – Generally, the Internal Audit team conducts audit engagements in a professional manner. IA resources work hard to understand the complexities of the institution in the planning phase of the audits and receive management input on risks prior to the audit commencing.

- **Reporting** – In some instances, audit reports are not clear and concise. It is difficult to determine the most critical findings and overall conclusions of the audit.

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APPENDICES

APPENDIX I: CRITERIA FOR IIA CONFORMANCE RATINGS

| Executive Summary | Conformance with Standards | Stakeholder Feedback | **Appendices** |

The criteria used to determine our views on conformance with International Standards for the Professional Practice of Internal Auditing are defined below:

Generally Conforms

The relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the Standard or element of the Code of Ethics in all material respects. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the Standard or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.

Partially Conforms

The Internal Audit function is making good-faith efforts to comply with the requirements of the Standard or element of the Code of Ethics, but falls short of achieving some major objectives. These will usually represent some significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives.

Does Not Conform

The Internal Audit function is not aware of, is not making a good-faith effort to comply with, or is failing to achieve many/all of the objectives of the Standard or element of the Code of Ethics. These deficiencies will usually have a significant negative impact on the activity's effectiveness.

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APPENDIX II: CRITERIA FOR GAGAS CONFORMANCE RATINGS

The criteria used to determine our views on conformance with GAGAS are defined below:

Pass

A conclusion that the audit organization's system of quality control has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects.

Pass With Deficiencies

A conclusion that the audit organization's system of quality control has been suitably designed and complied with to provide the audit organization with reasonable assurance of performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects with the exception of a certain deficiency or deficiencies described in the report.

Fail

A conclusion, based on the significant deficiencies described in the report, that the audit organization's system of quality control is not suitably designed to provide the audit organization with reasonable assurance of performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects, or that the audit organization has not complied with its system of quality control to provide the audit organization with reasonable assurance of performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects.

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APPENDIX III: CONFORMANCE GAP REMEDIATION PRIORITIZATION MAP

Our analysis identified a number of gaps based on our analysis of conformance with the IIA Standards and GAGAS. The prioritization map below shows recommendations to remediate identified gaps across two scales: level of effort and impact to the institution.

A. IIA Specific Gaps

1220/G1 – Next Gen Technology Roadmap
2000/G1 – IA Plan Mix (Consulting/Advisory)
2050/G1 – IA Strategy and Assurance Coordination
2120/G1 – IT Risk Transparency
2410/G1 – Concise Audit Reporting

B. GAGAS Specific Gaps

CH4/G1 – Third-Party Auditor Assessment
CH5/G1 – External Peer Reviews
2220/I1 – Engagement Planning

C. IIA / GAGAS Common Gaps

1100/G1 – CAE Relationships
1230/G1 – CPE Tracking
1310/G1 – Periodic Self-Assessments
1320/G1 – QAIP Reporting
2420/G1 – Audit Reporting Risk Framework

Prioritization map — Impact (High, Med, Low) vs Level of Effort (Low, Med, High):

- High / Low: 2000/G1, CH5/G1
- High / Med: 2050/G1, 2420/G1, 1100/G1
- Med / Low: 2120/G1, CH4/G1, 2410/G1, 1320/G1
- Med / Med: 1310/G1, 2220/I1
- Med / High: 1220/G1
- Low / Med: 1230/G1

Impact

Level of Effort

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APPENDIX IV: IIA IMPROVEMENT RECOMMENDATION PRIORITIZATION MAP

Our analysis identified a number of improvement opportunities based on our analysis of conformance with the IIA Standards. The prioritization map below shows recommendations to address these improvement opportunities across two scales: level of effort and impact to the institution.

A. 1000 – Purpose, Authority, and Responsibility (Charter)
1000/I1 – IA Charter Update

B. 1200 – Proficiency and Due Professional Care
1210/I1 – IA Rotational Program

C. 1300 – Quality Assurance and Improvement Program
1311/I1 – KPI Monitoring and Reporting

D. 2000 – Managing the Internal Audit Activity
2010/I1 – Audit Plan Unallocated Hours
2040/I1 – IA Risk Assessment Policies & Procedures

E. 2100 – Nature of Work
2120/I1 – IT Audit Scoping
2130/I1 – Financial Risk Assessment

F. 2200 – Engagement Planning
2201/I1 – Audit Announcement Letters
2230/I1 – Audit Budget Analysis

G. 2300 – Performing the Engagement
2320/I1 – Audit Execution Technology
2320/I2 – Continuous Monitoring Program

H. 2400 – Communicating Results
2420/I1 – Knowledge Sharing

Impact

High — 2010/I1 ... 2320/I2 ... 2320/I1

Med — 2420/I1 ... 2040/I1 ... 1311/I1 ... 2230/I1 ... 2120/I1 ... 2130/I1 ... 1210/I1

Low — 1000/I1 ... 2201/I1

Low — Med — High

Level of Effort

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Appendix B: Fiscal Year 2021 Internal Audit Plan

Institution	Engagement Name	General Objective/Description	Budget Hours	
ASSURANCE ENGAGEMENTS				
DAL	Campus and Events Safety	Assess the design and effectiveness of controls to track/monitor events and all visitors who are on campus.	400	
UNT	Frisco Campus Construction Contract	To determine if UNTS planned, procured & formed its contract for the construction of the Frisco Campus in accordance with applicable statues and the Contracting Handbook 2012; as well as to ensure there are no proprieties.	450	
HSC	Marketing and Branding Process	To assess the adequacy and effectiveness of key marketing channels.	350	
DAL	Budget Process	To assess the effectiveness of the governance, risk-management and control processes over budget planning, preparation, and implementation.	350	
SYS, UNT, DAL, HSC	Recruiting Process	Assess the design and effectiveness of the recruitment and selection process to ensure that the right people are hired.	400	
UNT, DAL, HSC	Tuition and Fees	To evaluate the systemic interface from Learning Solutions module to the Financial Solutions module within PeopleSoft which create the journal entry to ensure it is working as intended.	400	
UNT, DAL, HSC	Discount and Allowances	To evaluate the systemic interface from Learning Solutions module to the Financial Solutions module within PeopleSoft to ensure processes and controls surrounding discounts/allowances are working as intended.	400	
SYS, UNT, DAL, HSC	Data Breach Response Plans	Review data breach response plans. Evaluate how quickly the institutions identifies a breach and the mechanisms for notifying impacted consumers and regulators.	450	
SYS, UNT, DAL, HSC	Network Monitoring	To ensure network monitoring exists where triggers monitoring security events are in place and alerting is enabled.	450	
SYS, UNT, DAL, HSC	Patch Management	To ensure servers containing confidential / sensitive (Category I) data are being patched according to the UNT System Information Security Handbook/Texas DIR Security Controls Catalog and assess if all institutions are adhering to the established standards	450	
SYS, UNT, DAL, HSC	Vulnerability Scanning and Penetration Testing Process	Evaluate the vulnerability scanning and penetration testing procedures that are established and assess all institutions are adhering to the established procedures.	450	
UNT	Differential Tuition	To assess if differential tuition and fee funds are being appropriately utilized and billed.	400	
FY 2020 Carry Forward Audits				
HSC	School of Medicine Financial Review	To assess the adequacy and effectiveness surrounding the tracking and recording of financial processes between state and private institution.	350	
	Assurance Engagements Subtotal		**5,300**	**31%**
MANAGEMENT ADVISORY AND CONSULTING ENGAGEMENTS				
SYS, UNT, DAL, HSC	Payroll	Providing consulting services surrounding the payroll process improvement.	300	
SYS, UNT, DAL, HSC	Aging for Financial Reconciliations	Providing consulting services regarding the aging of outstanding balances and reconciling items.	300	
SYS, UNT, DAL, HSC	Procurement Card	Provide consulting services regarding the procedures and processes surrounding the establishment of a business account with Amazon.	300	
HSC	1135 Waivers	Provide consulting services that would include review of supporting documentation to ensure compliance.	275	
SYS, UNT, DAL, HSC	Enhance Reporting for Financial Reconciliations	Provide consulting services regarding the reconciliation reporting for balance sheet accounts.	300	
UNT	CARES ACT	Provide consulting services regarding the funds allocated to institutions to ensure compliance by reviewing supporting documentation.	275	
DAL	CARES ACT	Provide consulting services regarding the funds allocated to institutions to ensure compliance by reviewing supporting documentation.	275	
SYS, DAL, UNT	Contract Management System	Provide consulting services surrounding the implementation of controls over the contract management platform.	300	

University of North Texas World
FY 2021 Annual Audit Plan

Institution	Engagement Name	General Objective/Description	Budget Hours	
HSC	Budget Process	To assess the effectiveness of the governance, risk-management and control processes over budget planning, preparation, and implementation.	350	
SYS, UNT, DAL, HSC	Succession Planning	Providing consulting services surrounding the maturity of the organization's short, medium, and long-term succession plan for managerial staff and technical roles.	275	
DAL	Learning, Training, and Development	Provide consulting services to determine whether there is an adequate and effective management framework for learning, training, and development to ensure that employees received the training and development they needed, when they needed it, to carry out their duties.	275	
SYS, UNT, DAL, HSC	Fire Marshall	To provide consulting services to determine whether the duties of the National Fire Protection Association requirements are being performed and administered by the institution and identify any gaps.	300	
SYS, UNT, DAL, HSC	Campus Surveillance Optimization	To provide consulting services to ensure Privacy/FERPA controls are appropriately implemented during the restructuring of the surveillance system.	300	
SYS, UNT, DAL, HSC	Data Center Services Optimization	To provide consulting services in assessing whether duplication of hardware, staffing and space is taking place due to shadow IT systems.	300	
SYS, UNT, DAL, HSC	Data Services Optimization	To provide consulting services to assess controls are in place for appropriately collecting, storing and handling data.	300	
SYS, UNT, DAL, HSC	IT Security & Compliance Optimization	To provide consulting services in assessing whether IT Security policies are in alignment with state requirements (i.e. Texas Administrative Code 202, Texas DIR Security Control Standards Catalog).	300	
SYS, UNT, DAL, HSC	IT Support Services Optimization	To provide consulting services in assessing whether IT Support Services are being duplicated across institutions that can be utilized more effectively.	300	
	Advisory and Consulting Engagements Subtotal		**5,025**	**29%**
REQUIRED ENGAGEMENTS				
UNT, UNTD, HSC	Benefits Proportional by Fund	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.	275	
SYS, UNT, UNTD, HSC	Senate Bill 20	Internal Audit is required under SB20 regulations to review contracting process for adherence to requirements on annual basis.	275	
HSC	Family Medicine Residency Program	To provide assurance that UNTHSC is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for Funding.	275	
HSC	Faculty Development Center	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.	275	
UNT	Facility Certification Review	To assess, verify, and improve the data and process by which Texas public colleges and universities accurately report the use of campus facilities and project funding.	300	
UNT	Student-Managed Investment Fund	To assess compliance with the donor agreement between UNT and Colonel Guy M. Cloud, Jr. related to SMIF.	250	
	Required Engagements Subtotal		**1,650**	**10%**
INVESTIGATIONS				
	Fraud Investigations	Hours reserved for investigations that arise during the fiscal year	800	
	Investigations Subtotal		**800**	**5%**
RESERVE				
	Reserve for Unanticipated Projects	Hours reserved for unanticipated projects or management request	1,020	
	Reserve Subtotal		**1,020**	**6%**
FOLLOW-UP				

Institution	Engagement Name	General Objective/Description	Budget Hours	
	Quarter 1 Follow-ups	Follow-up recommendations due 4th Quarter FY19	125	
	Quarter 2 Follow-ups	Follow-up recommendations due 1st Quarter FY20	125	
	Quarter 3 Follow-ups	Follow-up recommendations due 2nd Quarter FY20	125	
	Quarter 4 Follow-ups	Follow-up recommendations due 3rd Quarter FY20	125	
	Follow-Up Subtotal		**500**	**3%**
DEVELOPMENT - OPERATIONS				
	Annual Internal Audit Report	Preparation of the annual internal audit report for the State Auditor's Office	25	
	Audit Committee	Preparation and participation in the UNT System Internal Audit Committee meetings	150	
	Audit Manager Leadership	Duties performed by audit manager related to staff mentoring and developing and meetings and discussions with CAE not related to specific audits	80	
	CAE Departmental Management and Leadership	Includes hiring, development, budgeting, performance appraisals, administrative duties, leadership, promoting the internal audit department, executive meetings, and all other responsibilities of the CAE that are not directly attributable to a specific audit project.	200	
	FY22 Audit Plan and Risk Assessment	Risk assessment and development of the FY22 annual audit plan	200	
	Internal Quality Assurance and Improvement Program (QAIP)	Internal Quality Assurance and Improvement Program activities, such as updating audit procedures, reviewing projects, etc.	400	
	IT Audit Technical Support	Technical Support provided for TeamMate, IDEA, or other issues	40	
	Monthly Staff Meetings	Staff meetings are held once a month for approximately four hours. During the meetings, a representative from campus may come to talk about their area to educate the team on their operations.	300	
	Reporting Requests	Requests for reporting from UNT System, the SAO, and other external agencies	20	
	UNT System Meetings	UNT System Audit Office meetings, Chancellor Council Meetings, Townhalls, etc.	100	
	Website and Marketing	Update IA website to include information for auditees (i.e. P&Ps, emerging risks, beneficial external website).	40	
	Development - Operations Subtotal		**1,555**	**9%**
DEVELOPMENT - INITIATIVES AND EDUCATION				
	CPE and CPE-Travel	Continuing Professional Education and Related Travel	405	
	IT Data Analytics Project	Project to improve departmental data analytics	250	
	Data Analysis Training - IDEA	Training provided to the entire UNTS team surrounding data analytics	300	
	GAGAS Training	Government training provided to the UNTS team	150	
	Participation in Professional Organizations	Participation on committees for professional organizations	100	
	Student Internship Program	Time spent by internal audit recruiting and mentoring student interns and speaking at class (not specific to an audit)	100	
	UNT System Audit Strategic Initiatives	UNT System Internal Audit strategic initiatives arising from internal assessments and external review	125	
	Development - Initiatives and Education Subtotal		**1,430**	**8%**
	Total Budgeted Hours		**17,280**	**100%**