



UNT | SYSTEM™

Schedule of Events for Board of Regents Meeting

August 18-19, 2016

University of North Texas Health Science Center
Medical Education and Training Building, Room 109/111
1000 Montgomery St.
Ft. Worth, Texas

Thursday, August 18, 2016

9:00 am **CONVENE FULL BOARD** (Room 109/111)

CHANCELLOR'S REMARKS

- Law School Progress and Plans
- Payroll Improvement Project
- New Faces

HOST PRESIDENT REMARKS

- Health System Partnerships
- Innovation and Commercialization
- Institute for Patient Safety/Patient Safety Summit

9:30 am **STRATEGIC AND OPERATIONAL EXCELLENCE COMMITTEE**

Call to Order

- Approval of minutes of May 19, 2016 meeting

Briefings:

UNT System Shared Services Review

- J. Puckett, Boston Consulting Group, Senior Partner and Managing Director
- Ernesto Pagano, Boston Consulting Group, Principal

UNT System Administration and Institutional Strategic Plan Review

- Lee Jackson, UNTS, Chancellor
- Michael Williams, UNTHSC, President
- Neal Smatresk, UNT, President
- Bob Mong, UNTD, President

BACKGROUND MATERIAL

- Institutional Strategic Planning Documents
- Quarterly Operations Report

Adjourn Strategic & Operational Excellence Committee.

10:45 am ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE

Call to Order

- Approval of minutes of May 19-20, 2016 meeting

Briefing:

New Deans, New Directions

- Finley Graves, UNT, Provost and Vice President for Academic Affairs
- John Richmond, UNT, Dean, College of Music
- Dr. Kinshuk, UNT, Dean, College of Information
- Thomas Yorio, UNTHSC, Provost
- Dennis Thombs, UNTHSC, Dean, School of Public Health

BACKGROUND MATERIAL:

- Quarterly Academic Measures Report

Recess Academic Affairs & Student Success Committee.

11:15 am AUDIT COMMITTEE

Call to Order

- Approval of minutes of the May 19, 2016 and July 6, 2016 meetings

Briefings

Quarterly Report of Audit Activities

- Tracy Grunig, UNT System, Chief Audit Executive

FY16 Annual Recap of Internal Audit Activities

- Tracy Grunig, UNT System, Chief Audit Executive

UNT System Enterprise Audit Report Inventory

- Tracy Grunig, UNT System, Chief Audit Executive

Status Update of FY17 UNT System Compliance Risk Assessment Plans

- Neal Smatresk, UNT, President
- Michael Williams, UNTHSC, President

Compliance Monitoring and Reporting: A Digital and Mobile Application

- Tompie Hall, HCL BEYONDigital, Senior Executive Advisor
- Todd Hardy, HCL BEYONDigital, Digital Program Manager

BACKGROUND MATERIAL

- UNT System Consolidated Quarterly Compliance Report, March 2016 through May 2016

Recess Audit Committee.

12:30 pm LUNCH

1:30 pm FINANCE AND FACILITIES COMMITTEE

Call to Order

- Approval of minutes of the May 19-20, 2016 meeting

Briefings

Risk Management Introduction, Briefing Schedule, and Review of Insurance

- Lee Jackson, UNTS, Chancellor
- Matthew Moncus, UNTHSC, Safety Director
- Douglas Welch, UNT, Risk Manager
- Brad Scott, UNT, Director of Operations, Risk Management Services

Investment and Cash Management Study, Ernst and Young

- Janet Waldron, UNT System, Vice Chancellor for Finance
- Marc Monyck, Ernst & Young, Engagement Lead

Action Items

- | | |
|----------|---|
| 12. UNTS | Approval of the FY17 UNT System Consolidated Budget |
| 13. UNTS | Approval of UNTS FY2017 Capital Improvement Plan and Amending the FY2016 Capital Improvement Plan |

BACKGROUND MATERIAL

- Quarterly Operations Report

Recess Finance & Facilities Committee.

4:30 pm EXECUTIVE SESSION (Room 300)

Government Code, Chapter 551, Section .071 - Consultation with Attorneys Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers

- Consultation with counsel regarding confidential legal matters, including pending, threatened, and contemplated litigation or settlement offers
- Consultation with counsel regarding contemplated, ongoing and/or finalized investigations and any findings, conclusions or recommendations related to those investigations
- Consultation with counsel regarding audits and any findings, conclusions or recommendations related to those audits

- Consultation with counsel on the status of negotiations and/or compliance with contracts and agreements, including but not limited to research grants and contracts, including legal obligations and duties and any and all related facts
- Consultation with counsel regarding legal duties and responsibilities of members of the Board of Regents, and System and University officers and employees
- Consultation with counsel regarding implementation of Senate Bill 11 regarding campus carry policies, including legal aspects of Agenda Item 11

Government Code, Chapter 551, Section .074 - Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Discipline, or Dismissal of Officers or Employees

- Consideration of individual personnel matters related to the appointment, employment, evaluation, reassignment, discipline and dismissal of System and Institution officers or employees
- Consideration of individual personnel matters related to Agenda Items 6 and 8

Government Code, Chapter 551, Section .072 - Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property

- Consideration of the lease and value of certain real property and improvements in Dallas, Denton and Tarrant Counties

5:30 pm RECONVENE FULL BOARD AND RECESS

Friday, August 19, 2016

9:00 am CONVENE FULL BOARD

Recess for committee meetings.

9:00 am ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE

Action Items

11. UNTS Review of University of North Texas System Administration policy related to *Carrying of Concealed Handguns in the UNT System Building*

9:15 am FINANCE AND FACILITIES COMMITTEE

Action Items

14. UNTS Twenty-Third Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto
15. UNTHSC Delegation of Authority to Negotiate and Execute Managed Care Agreements with Health Care Insurers

- 16. UNTHSC Delegation of Authority to the Chancellor for Approval of UNTHSC Intergovernmental Transfers (IGT) of Funds for FY 2017 in the Texas Healthcare Transformation and Quality Improvement Program (1115 Transformation Waiver)
- 17. UNTHSC Delegation of Authority to Amend UNTHSC's Agreement with CareCycle Solutions, LLC
- 18. UNTHSC Acquisition of Real Property Located at 1408 St. Louis Avenue, Fort Worth, Texas
- 19. UNTHSC Delegation of Authority to Negotiate and Execute Agreements Between UNTHSC and the Tarrant County Hospital District and/or Acclaim Physician Group
- 20. UNTHSC Authorization to Serve on Outside Board
- 21. UNTD UNT Dallas Room and Board Rates for Academic Year 2017-2018

Adjourn Finance and Facilities Committee.

10:45 am AUDIT COMMITTEE

Action Items

- 22. UNTS Acceptance of the External Audit of UNT System FY15 Consolidated Annual Financial Statements – *Materials Added on 8/17/16*
- 23. UNTS Fiscal Year 2017 UNT System Internal Audit Plan

Adjourn Audit Committee.

11:30 am CONVENE THE FULL BOARD

CONSENT AGENDA

- 1. UNTS Approval of the Minutes of the May 19-20, 2016 Board Meeting and July 29, 2016 Special Called Board Meeting
- 2. UNTS Approval to Request to Exceed the Full-time Equivalent Limitation for Fiscal Year 2017
- 3. UNTS Resolution Declaring Intention to Reimburse Certain Expenditures with Proceeds from Debt
- 4. UNTS Approval of Intercomponent Transfers of State Appropriations for the College of Law from UNT System Administration to UNT Dallas
- 5. UNTS Approval of Intercomponent Transfers of State Appropriations
- 6. UNT Approval of Tenure for New UNT Faculty Appointees
- 7. UNT Award of Honorary Degree
- 8. UNTHSC Approval of UNTHSC Regents' Professor Recommendations
- 9. UNTHSC Authorization to Execute an Agreement Between UNTHSC and Tarrant County to Provide Physician Services for the Tuberculosis Elimination Program of the Tarrant County Public Health Department
- 10. UNTHSC Authorization for UNTHSC to Execute a Sub-Award with Tarrant County Public Health on Centers for Disease Control Grant 200-2011-41271

ACTION ITEMS

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13. UNTS Approval of UNTS FY2017 Capital Improvement Plan and Amending the FY2016 Capital Improvement Plan
14. UNTS Twenty-Third Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto
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23. UNTS Fiscal Year 2017 UNT System Internal Audit Plan

12:15 pm

RECESS FOR EXECUTIVE SESSION (Room #300)

Government Code, Chapter 551, Section .071 - Consultation with Attorneys Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers

- Consultation with counsel regarding confidential legal matters, including pending, threatened, and contemplated litigation or settlement offers
- Consultation with counsel regarding contemplated, ongoing and/or finalized investigations and any findings, conclusions or recommendations related to those investigations
- Consultation with counsel regarding audits and any findings, conclusions or recommendations related to those audits
- Consultation with counsel on the status of negotiations and/or compliance with contracts and agreements, including but not limited to research grants and contracts, including legal obligations and duties and any and all related facts
- Consultation with counsel regarding legal duties and responsibilities of members of the Board of Regents, and System and University officers and employees

Government Code, Chapter 551, Section .074 - Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Discipline, or Dismissal of Officers or Employees

- Consideration of individual personnel matters related to the appointment, employment, evaluation, reassignment, discipline and dismissal of System and Institution officers or employees
- Consideration of individual personnel matters related to the evaluation and compensation of, and employment agreement with the UNTHSC President
- Consideration of individual personnel matters related to the evaluation and compensation of, and employment agreement with the UNTD President
- Consideration of individual personnel matters related to the evaluation and compensation of, and employment agreement with the UNT System Chief Audit Executive, and possible action

Government Code, Chapter 551, Section .072 - Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property

- Consideration of the lease and value of certain real property and improvements in Dallas, Denton and Tarrant Counties

2:00 pm Reconvene the Board in Open Session (Room #109/111) to consider action on Executive Session items, if any

2:05 pm ADJOURNMENT



UNT | SYSTEM™

MINUTES

BOARD OF REGENTS Strategic and Operational Excellence Committee May 19, 2016

The Strategic and Operational Excellence Committee of the Board of Regents of the University of North Texas System convened on Thursday, May 19, 2016, in Room 712, University of North Texas System Building, 1901 Main St, Dallas, Texas, with the following members in attendance: Regents Milton Lee, A.K. Mayo, and Al Silva.

There being a quorum present, the meeting was called to order by Committee Chair Regent Milton Lee at 9:18 a.m. The minutes of the February 25, 2016, committee meeting were approved on a 3-0 vote following a motion by Regent Silva and seconded by Regent Mago.

The Committee was briefed on **UNT System Administration and Institutional Strategic Plan Review**. Chancellor Lee Jackson presented UNT System strategic plan progress. UNT President Neal Smatresk presented UNT strategic plan progress, and UNT Health Science Center President Michael Williams presented the UNT Health Science Center strategic plan progress. UNT Dallas President Bob Mong updated the Board on the strategic planning progress made by UNT Dallas.

The next briefing, **Business Process Improvements – UNTHSC Continuous Improvement**, was delivered by Stephen Barrett, Vice President of Operations at the UNT Health Science Center.

There being no further business, the Committee meeting adjourned at 11:07 a.m.

Submitted By:

Rosemary R. Haggett

Rosemary R. Haggett
Board Secretary

Date: June 7, 2016



UNT System Shared Services Review

Board of Regents presentation

BCG speakers:

J. Puckett - Senior Partner and Managing Director

Ernesto Pagano - Principal

August 18, 2016

THE BOSTON CONSULTING GROUP

Context

UNT System has embarked on a journey to create Core and Shared Services organizations that serve the three universities in the system: UNT in Denton, UNT Health Science Center in Ft. Worth and UNT Dallas

- Restructuring began in phases in 2011 and is still ongoing
- The Shared Services created as part of the restructuring are: IT and BSS (Business Support Services, formerly Business Service Center) at the end of 2011, and HR between July 2012 and January 2013
- As part of the Core Services, the Controller function was consolidated between September 2014 and January 2015

BCG was engaged for a 3-week effort focused on analyzing how the operating costs of specific Core and Shared Services functions have changed from pre-consolidation to today

- The effort focused on the three Shared Services organizations and the Controller function (with the exclusion of Treasury and System Reporting, for which work still remains to be done)
- Throughout the presentation we use the term Shared Services to refer to the functions/services that are part of the scope of work (BSS, IT, HR, and parts of Controller)
- The evaluation aims at estimating the projected costs and the current costs of these functions in order to estimate the cost savings and avoided costs achieved through the consolidation
- Beyond looking at the costs, we have also helped UNTS articulate some of the quality improvements achieved via consolidation

The evaluation is based on multiple sources of data and information

- Discussions with system-level leadership and campus CFOs
- Internal financial and operational data and reports (e.g., budget reports, PeopleSoft reports)
- Organizational structures over time

Note: Pre-consolidation analysis based on the following starting periods: September 2011 for BSS, Payroll / AP and IT; September 2012 for HR, September 2014 for Controller; FY16 actuals not available at time of analysis, 2016 analysis based on available budget data; Some non-recurring cost items may be not included in the analysis if not part of the budget documents analyzed (e.g., non-recurring outsourcing expenses)

Executive summary

The consolidation of the Shared Services slowed the growth of costs, while at the same time enhancing the scope and quality of the services provided

- Estimated avoided cost for IT and HR of ~\$13M, based on a previous study on growth trajectory before consolidation
- Additional administrative costs to stand up UNT Dallas have been avoided
- The current organization has added new services and enhanced the qualifications and quality of staff across all functions

In real terms, after adjusting for inflation and growth of the universities, costs have increased by \$1.8M (~3.8%) from pre-consolidation to today

In nominal terms, the costs of operating the Shared Services increased by \$9.2M (23%), a function of three main drivers:

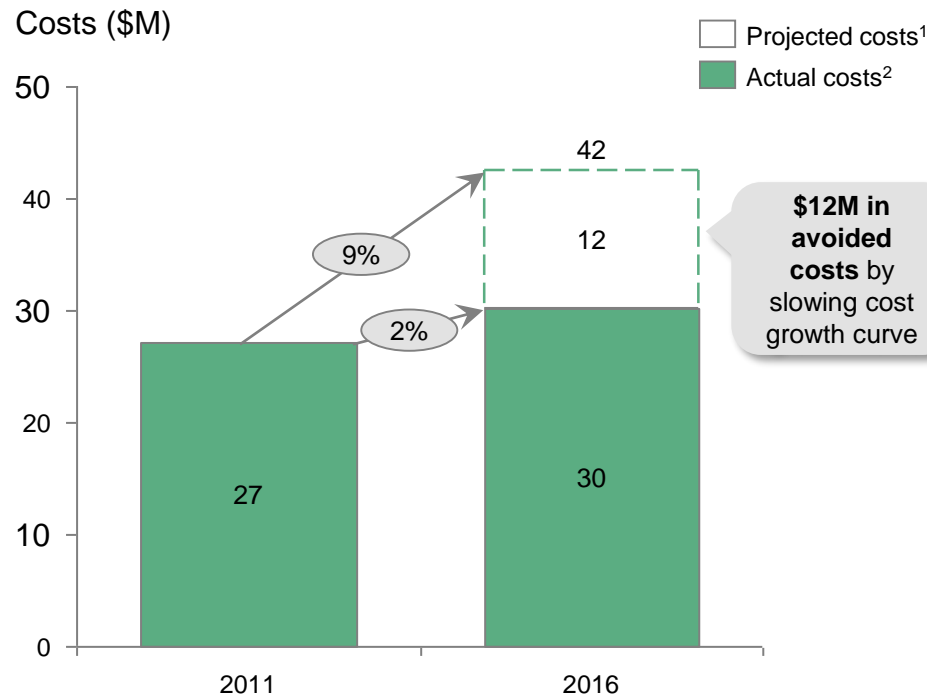
- Increase in the **number of FTEs** to broaden and enhance the scope of services provided
- Increase in **average compensation** to attract and retain talent and upskill the organization where needed
- Increase in **M&O expenses**, reflecting new investments in people, services and infrastructure
- Through the restructuring, savings were achieved in various areas and were strategically reinvested in the organization

Looking forward, still significant value to be captured as the restructuring progresses

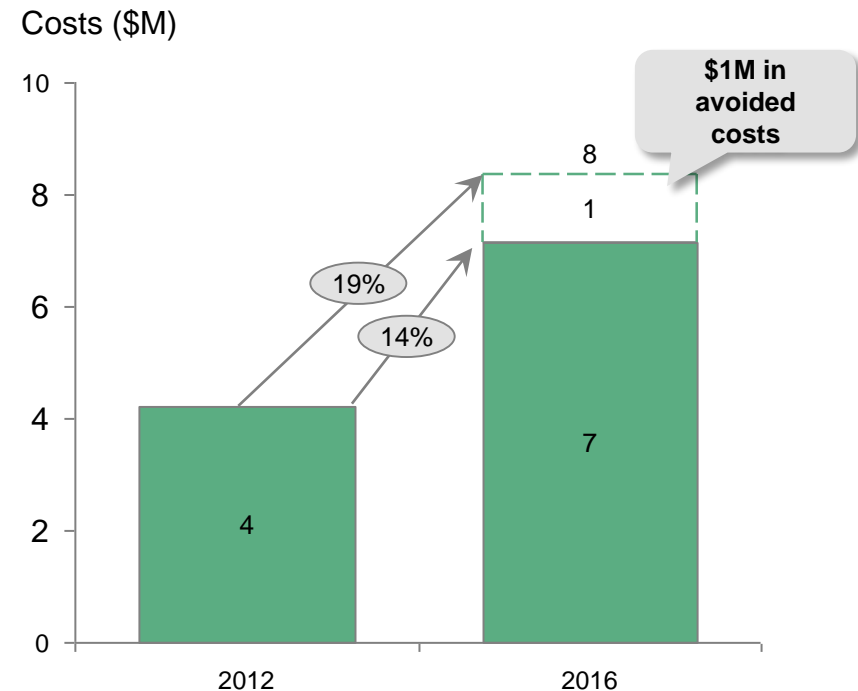
- Further economies of scale and scope are expected to be achieved as the universities grow in size
- Opportunity for a more customer centric-approach, by increasing cost transparency and improving communications
- Appetite for feedback mechanisms and metrics to measure progress in terms of costs as well as quality improvements

Costs for IT and HR have increased less than what was originally projected

Current IT CAGR 2% vs. 9% projected



Current HR CAGR 14% vs. 19% projected



Projected costs exclude significant administrative costs that would have been required to stand up UNT Dallas

Significantly enhanced quality and scope of services across Shared Services

Improved accuracy, timeliness and consistency of financial reporting, which resulted in externally audited financials for the past two years

Made new investments and added new services to augment the support for the universities across all functions

- e.g., call center, regulatory compliance, standardized compensation system

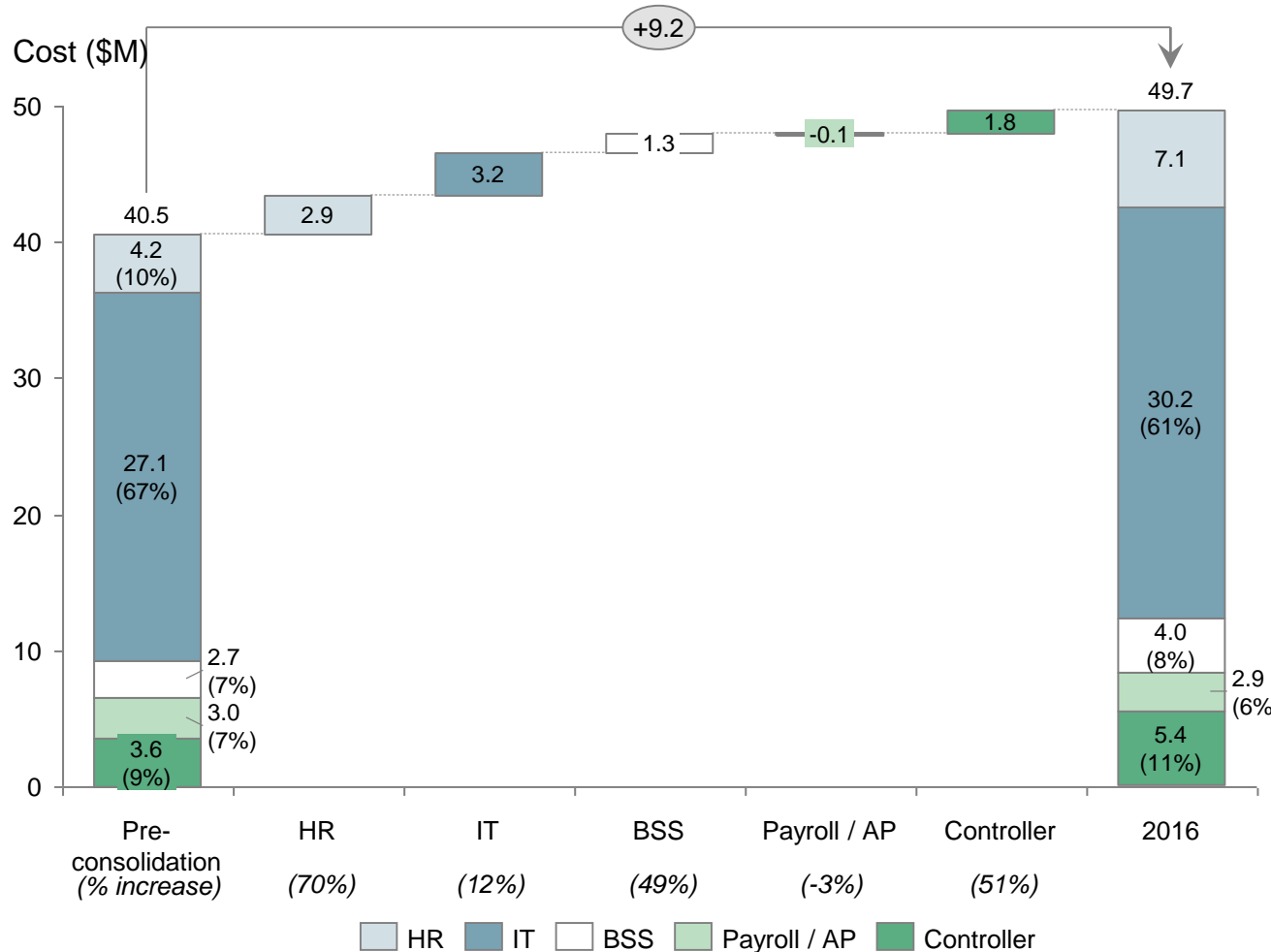
Created an organization that is scalable and primed for growth through investments in various areas, especially IT

- e.g., PeopleSoft 9.2, network architecture and security, cloud solutions

Upskilled the organization by attracting new talent and enhancing the internal training

- e.g., more CPAs throughout the organization, new leadership development program

In nominal terms, costs have increased by \$9.2M

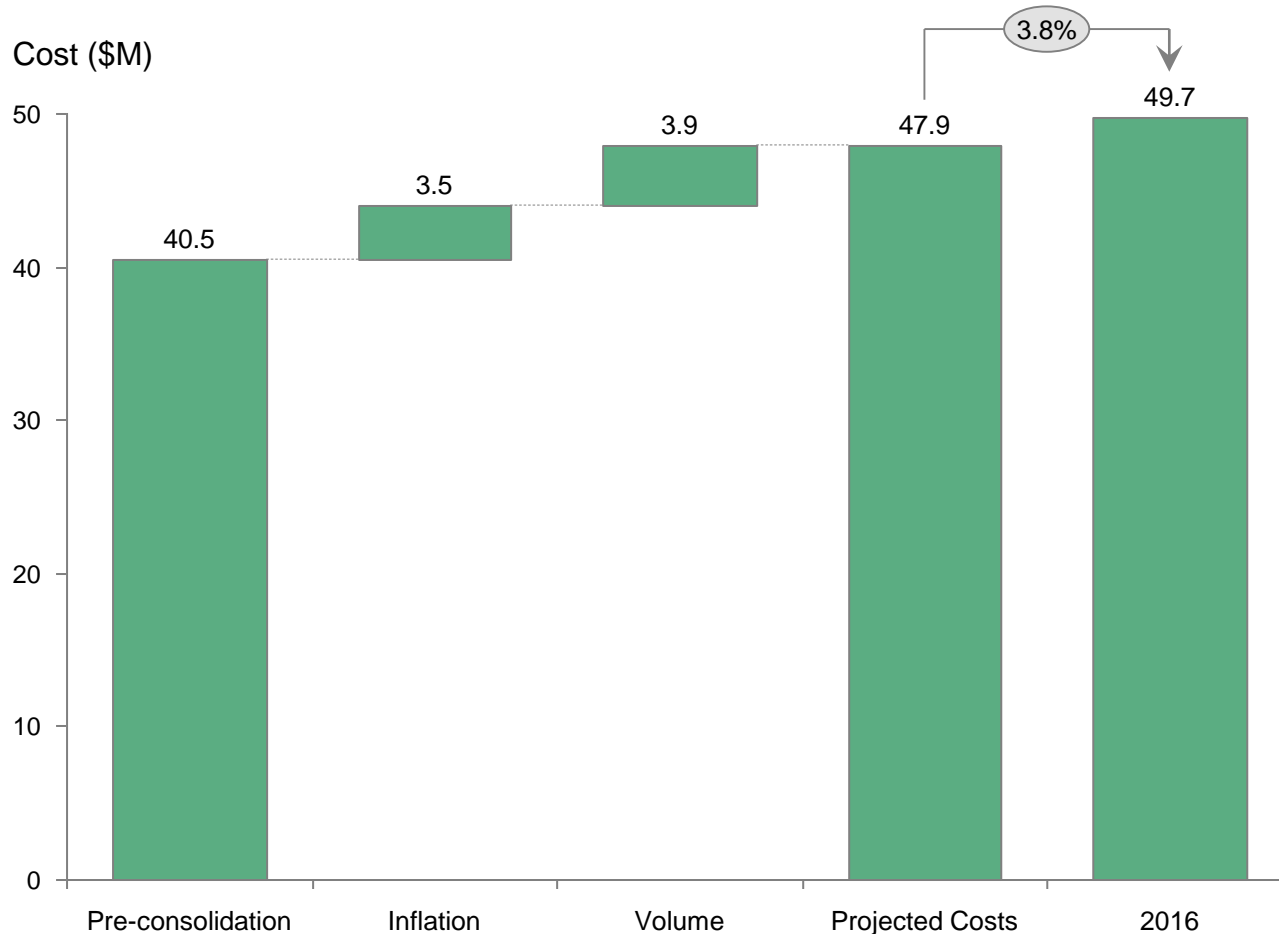


- IT is biggest driver of cost increase (\$3.2M), but also represents largest cost base
 - Increase driven by FTE needed to support new initiatives (e.g., PeopleSoft implementation) and costs for new software and services
- HR second largest in cost increase, driven by new services and higher quality standards
- Controller costs driven by additional talent hired to support financial transformation
- Payroll / AP relatively flat while BSS shifted from transactional to more professional services with implications for compensation

Note: Pre-consolidation Benefits and M&O expenses not available for all functions and estimated respectively as 30% of total salary and \$3000/FTE (based on Deloitte Allocations Appendix for BSS, HR, Payroll/AP, and Controller); FY12 BSS pro-forma presented to the Board of Regents used as a starting point to estimate FY12 BSS costs—adjusted for FTEs dedicated to purchasing and admin roles to ensure a better comparison to the BSS organization in 2016

Source: University of North Texas System Administration Shared and Core Services Allocations Appendix May 15,2105 – Deloitte; UNT System BSS, IT, Controller, HR Summaries; fy16 and fy17 budget comparison by dept; PeopleSoft July 2016 reports; Internal interviews; BCG Analysis

In real terms, adjusting for inflation and UNTS's growth, costs higher by 3.8%

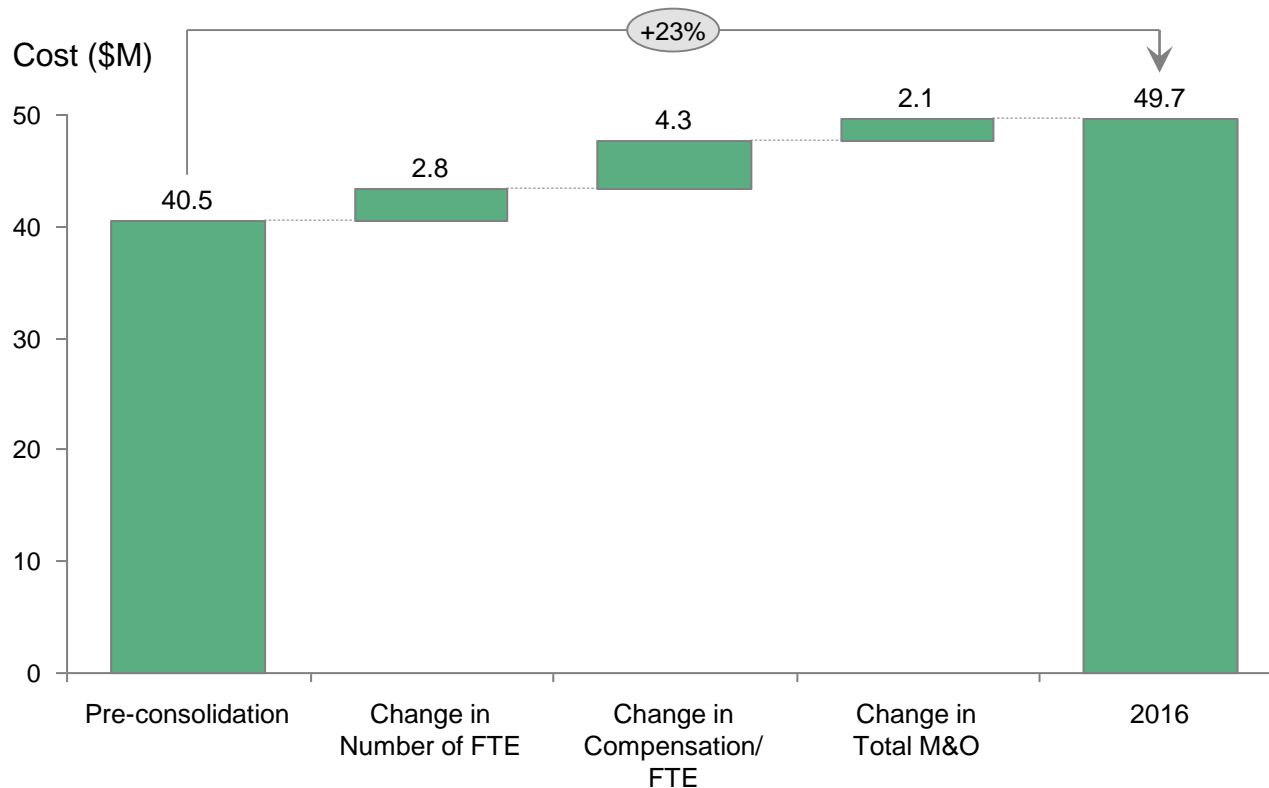


- Inflation adjustment composed of two factors:
 - Inflation in DFW region for M&O expenses (~5.5% since Sept. 2011)
 - Cost of labor increase in DFW region for total compensation cost (~10.7% since Sept. 2011)
- Volume adjustments estimated at 2% growth per year, based on:
 - 2.4% growth for student enrollment
 - 3.6% growth for student workers
 - 0.9% growth for employees
- Remaining 3.8% cost delta due largely to cost of new services, cost to upskill the organization and new expenses / investments

Note: DFW area Cost of Labor increase applied to salaries/wages/fringes and DFW area CPI inflation applied to M&O expenses; inflation rate used dependent on pre-consolidation time frame of function (assumes 5 years for BSS, IT and Payroll /AP, 4 years for HR, 2 years for Controller)

Source: BLS Employment Cost Index DFW area 2012-2016; BLS Consumer Price Index DFW area 2011-2016; UNTS BSS, IT, HR, and Controller Summaries; PeopleSoft July 2016 reports; FY2011_FY2016_AccumEmpCounts_072016; UNT Factbook; Office of Strategic Analysis and Reporting, UNTD; UNTHSC Enrollment Fall 11 to Fall 15; BCG Analysis

Cost increase driven by increase in number of FTE, average compensation and M&O expenses



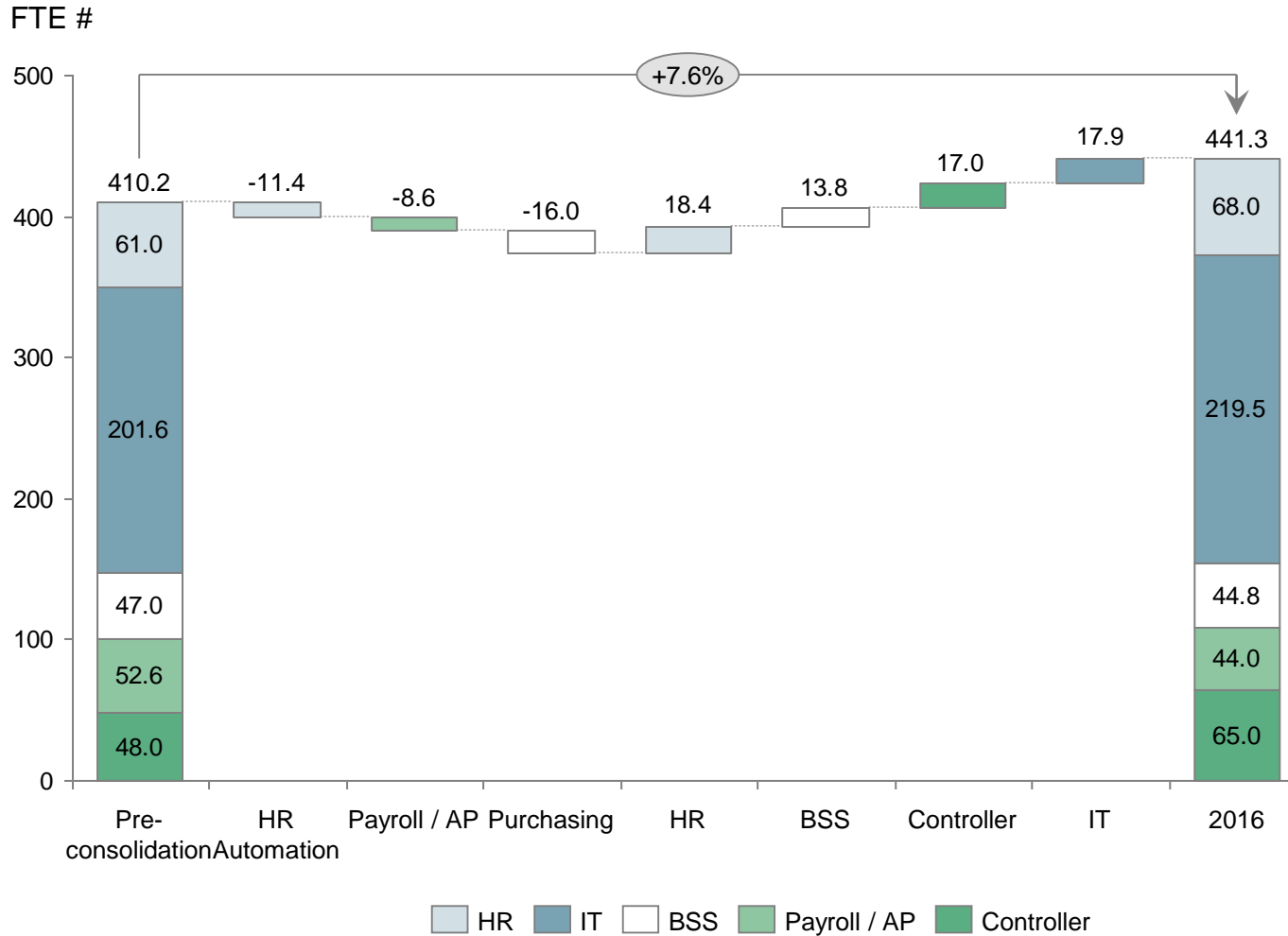
- Number of FTE increased strategically to offer new and better services
- Average compensation increased as circumstances required upgrading of talent and local labor market trends
- Increase in M&O expenses driven by new investments and new cost categories (e.g., leases)

	Change in Number of FTE	Change in Compensation/FTE	Change in Total M&O
Initial	410.2	\$71,140	\$11.4M
Current	441.25	\$82,233	\$13.4M
Change	+7.6%	+15.6%	+18.2%

Note: Compensation includes salaries/wages/fringes; Pre-consolidation Benefits and M&O expenses not available for all functions and estimated respectively as 30% of total salary and \$3,000/FTE (based on Deloitte Allocations Appendix for BSS, HR, Payroll/AP, and Controller); 2016 analysis based on available budget data; Some non-recurring cost items may be not included in the analysis if not part of the budget

Source: University of North Texas System Administration Shared and Core Services Allocations Appendix May 15,2105-Deloitte; UNT System BSS, IT, Controller, HR Summaries; PeopleSoft July 2016 reports; Internal interviews; BCG Analysis

Shared Services increased by 31 FTEs



- Process efficiencies in HR automation and Payroll/AP (e.g., ePAR, online employee onboarding) and purchasing; FTEs repurposed for other activities
- Controller: Added CPAs to raise standards of accuracy
- IT: Expanded services offered and invested in PeopleSoft implementation
- HR: Added FTEs for new and enhanced activities
- BSS: Delivering more professional services at new scale

Source: University of North Texas System Administration Shared and Core Services Allocations Appendix May 15, 2015–Deloitte; UNT System BSS, IT, Controller, HR Summaries; fy16 and fy17 budget comparison by dept; Organizational charts and PeopleSoft July 2016 reports; Internal interviews; BCG Analysis

Upgrading labor force reflected in compensation growth across functions

BSS

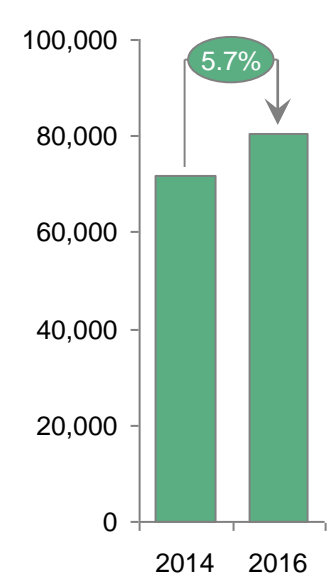
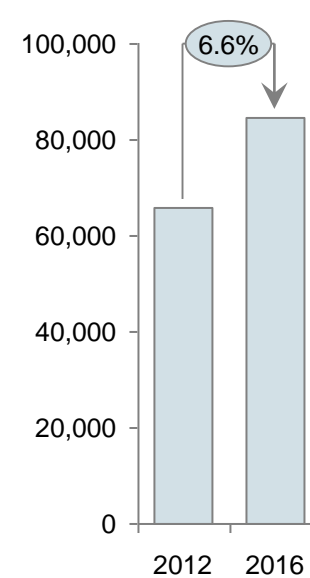
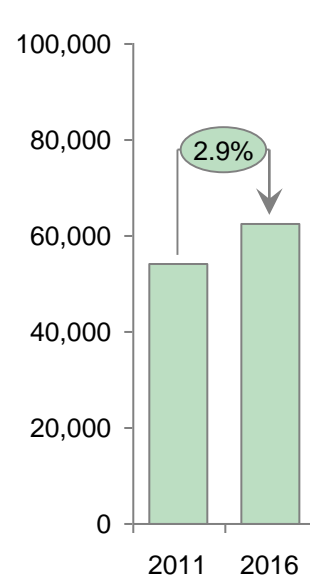
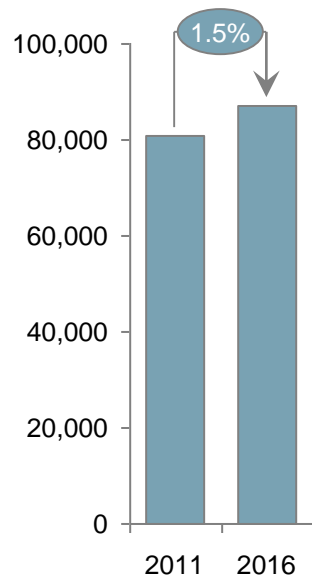
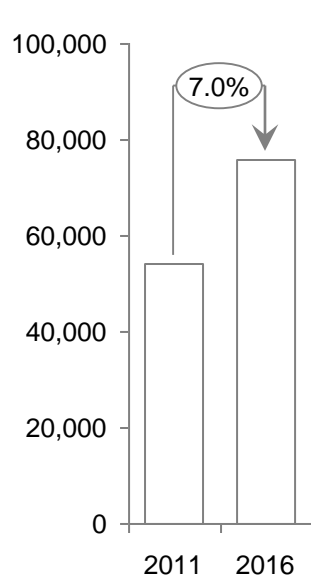
IT

Payroll / AP

HR

Controller

Total Comp./FTE (CAGR %)



Annual DFW region labor inflation¹

2.1%

2.1%

2.1%

2.3%

1.8%

1. BLS Employment Cost Index for DFW area

Source: University of North Texas System Administration Shared and Core Services Allocations Appendix May 15,2105-Deloitte; UNT System BSS, IT, Controller, HR Summaries; FY16 and FY17 budget comparison by dept; PeopleSoft July 2016 reports; BCG Analysis

M&O increasing, due to additional services and new expenses (e.g., leases, compliance)

Function	M&O Pre-consolidation	M&O Today	Details
HR	\$0.2M	\$1.4M	<ul style="list-style-type: none"> • Building lease, ongoing ACA requirements, FMLA outsourcing added to M&O
IT	\$10.7M	\$11.1M ¹	<ul style="list-style-type: none"> • + Increase in maintenance costs for new software and services • – Savings from collapsing licenses, virtualization of servers, better laptop procurement
BSS	\$0.1M	\$0.6M	<ul style="list-style-type: none"> • + Building lease added to M&O budget in recent years • – Savings from cooperative agreements, direct negotiations with suppliers, price comparisons on open market
Payroll/AP	\$0.2M	\$0.2M	<ul style="list-style-type: none"> • Slight increase in M&O per FTE
Controller	\$0.1M	\$0.2M	<ul style="list-style-type: none"> • Increase in FTE drove an increase in M&O • Special projects funded from a different source

1. FY16 actuals not available at time of analysis, 2016 analysis based on available budget data; Some non-recurring cost items may be not included in the analysis if not part of the budget documents analyzed (e.g., non-recurring outsourcing expenses, PeopleSoft extension costs)

Note: Pre-consolidation M&O expenses not available for all functions and estimated respectively as \$3000/FTE (based on Deloitte Appendix for BSS, HR, Payroll/AP, and Controller)

Source: UNTS BSS, IT, HR, Controller Summaries; fy16 and fy17 budget comparison by dept; Client interviews; BCG Analysis

Opportunities raised during CFO interviews

Provide greater visibility into the cost dynamics, cost drivers, and trends of the core and shared services functions... accompanied by more frequent communication, at different levels of the organization

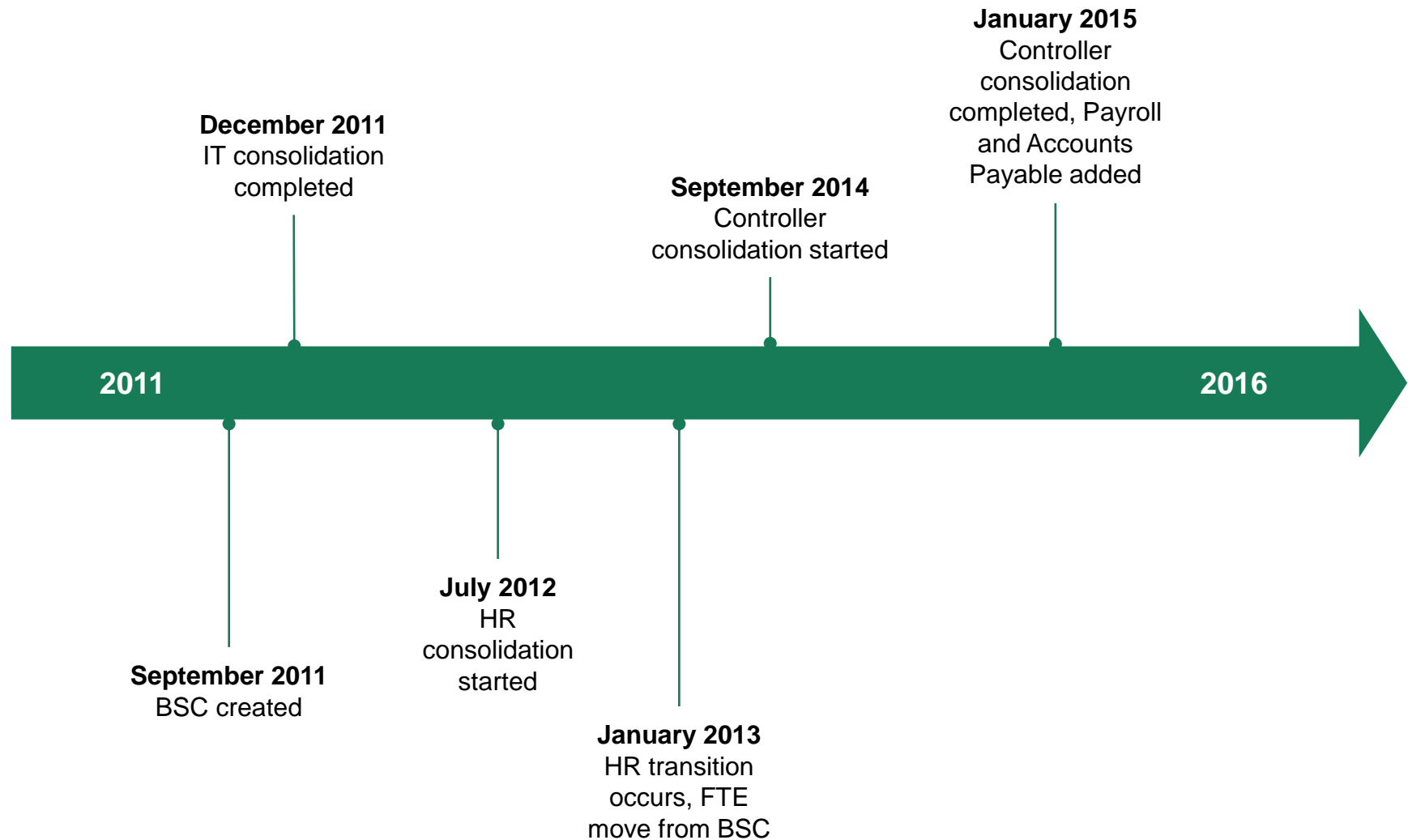
Offer greater transparency into future investments required and the service enhancement roadmap

Design a more customer-centric approach—e.g., by providing mechanisms for users to provide feedback to the central functions and catalyze cycles of continuous improvement

Establish quality and productivity metrics to track progress over time and against clear goals—e.g., satisfaction survey

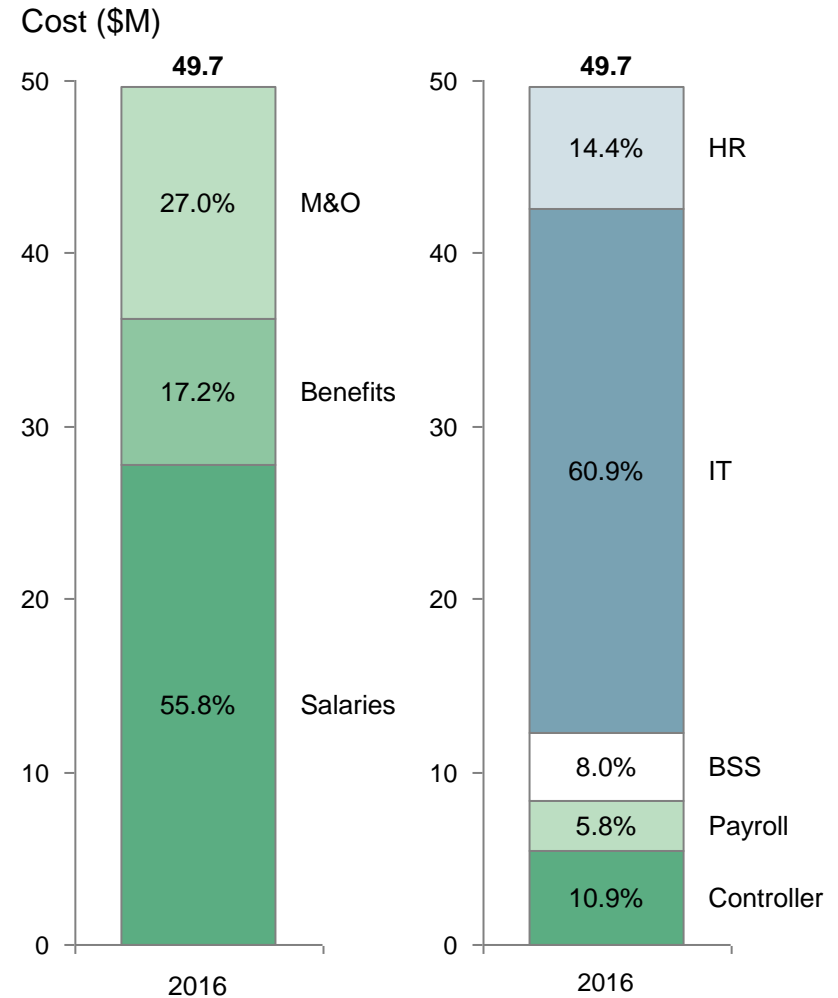
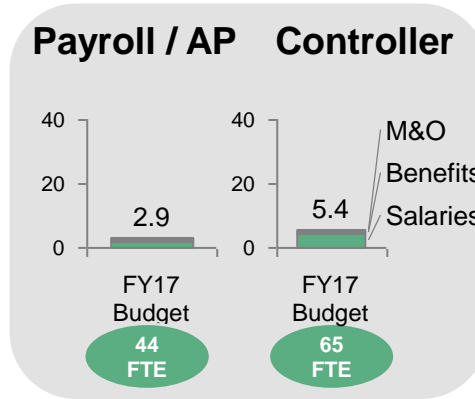
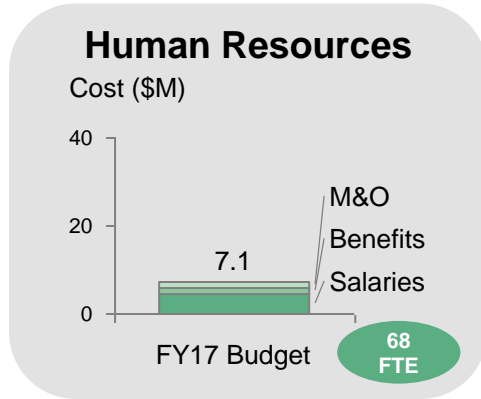
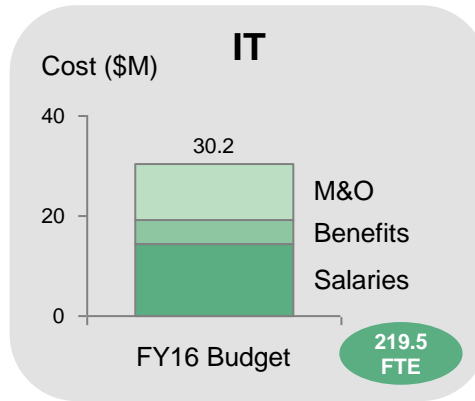
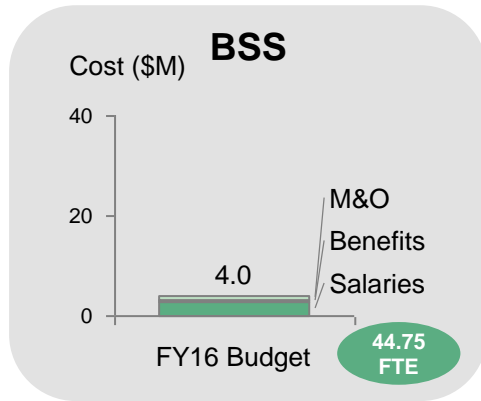
Appendix

Key milestones



UNT System Today

441.25 FTE and \$49.7M in costs



Note: Controller analysis excludes System Reporting and Treasury; FY16 actuals not available at time of analysis, 2016 analysis based on available budget data; Some non-recurring cost items may be not included in the analysis if not part of the budget

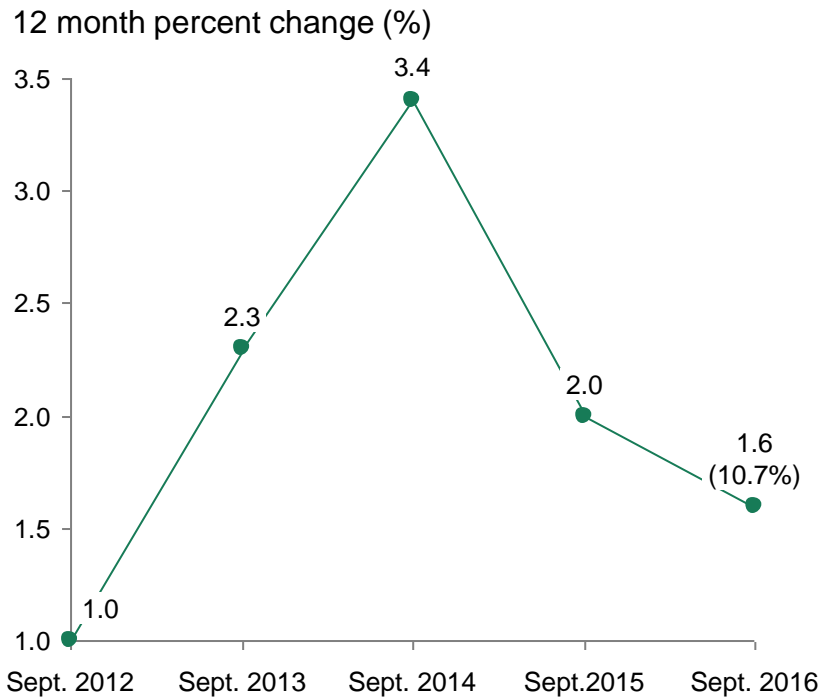
Source: 2016 organizational charts; FY16 and FY17 Budget comparison by department; PeopleSoft July 2016 Reports; BCG Analysis

Quality improvements and new services

Area of improvement	Supporting detail
Financial reporting	<ul style="list-style-type: none"> • Created new Chart of Accounts in 2015 • Implemented standardized template for monthly account reconciliation • Established process controls, resulting in two consecutive years of external audits
New services	<ul style="list-style-type: none"> • Created BSS call center to field vendor payment questions, assist with eProcurement, etc. • Established BSS project management team to conduct APQC benchmarking • Added FTE to improve compliance with HR regulations (e.g., FMLA, ACA, eVerify) • Designed compensation evaluation system to bring pay grades to fair market value • Added quality assurance stage in IT processes
Scalable organization	<ul style="list-style-type: none"> • Implemented PeopleSoft 9.2 upgrade • Expanded expertise in CRM, data warehousing, and mobile applications • Improved enterprise architecture, network firewall security and cloud offerings
Talent	<ul style="list-style-type: none"> • Added 10 CPAs to Controller organization • Enhanced soft skills training and leadership development • Shifted organization from transactional to professional services

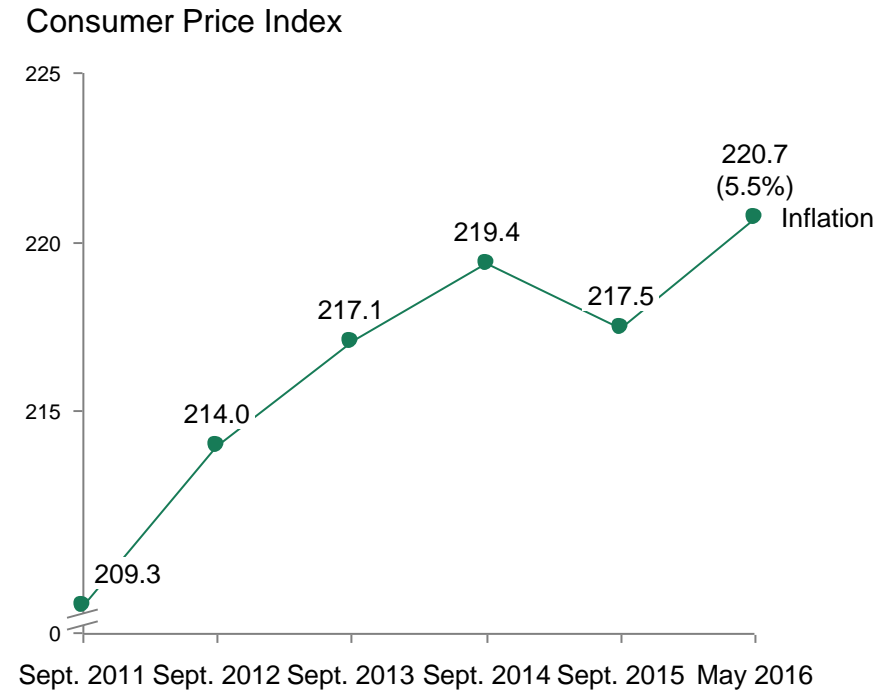
Cost of labor and inflation

Labor inflation for DFW region—Total Compensation



Source: BLS Employment Cost Index—DFW region

Inflation for DFW region—M&O Expenses



Source: BLS Consumer Price Index—DFW region, All Urban Consumers

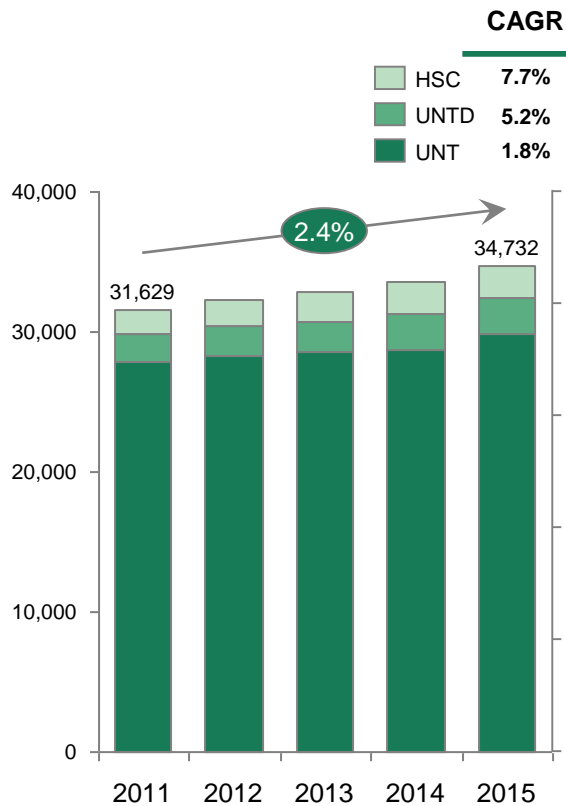
Note: September 2016 cost of labor 12 month percent change not yet available, have estimated using March 2016 cost of labor data; CPI not seasonally adjusted

Source: BLS Employment Cost Index—DFW area 2012-2016; BLS CPI—DFW area 2012-2016; BCG Analysis

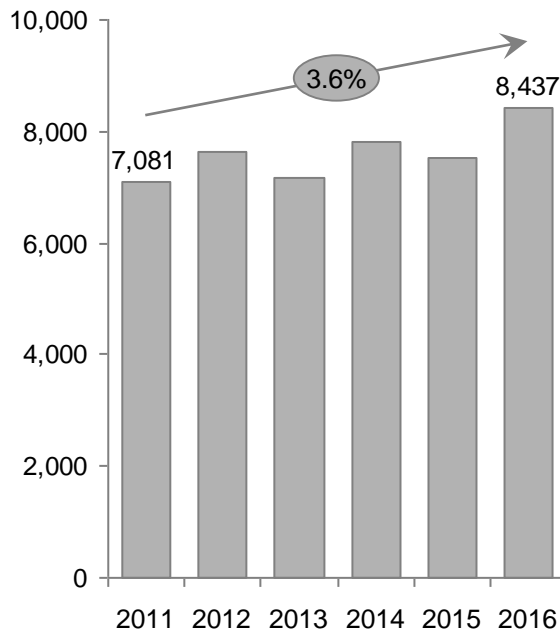
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Volume drivers

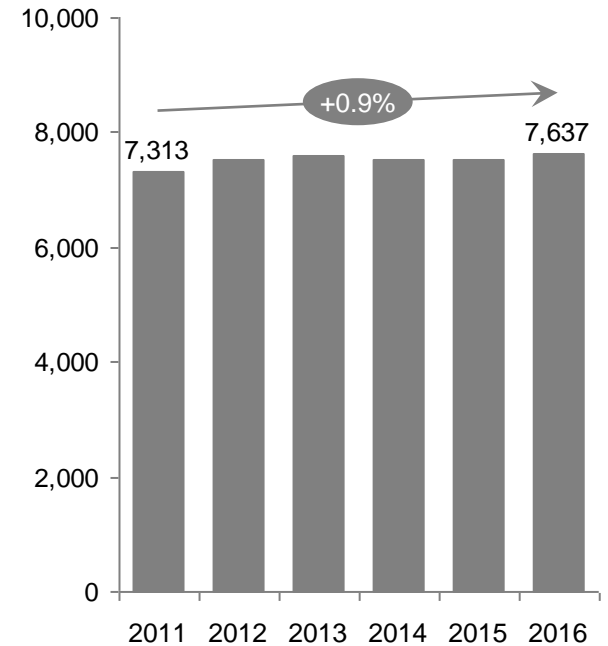
Student enrollment



Student Workers



FTE—Faculty / Staff



Note: Student enrollment for Fall semesters, Fall 2016 not available at time of analysis; student workers and faculty/staff are accumulated headcount numbers; may be overestimating student workers due to historical practice of not terminating employment records in a timely fashion

Source: FY2011_FY2016_AccumEmpCounts_072016; UNT Factbook; Office of Strategic Analysis and Reporting, UNTD; UNTHSC Enrollment Fall 11 to Fall 15; BCG Analysis

One-time and ongoing savings

Function	Type of savings	Est. one-time savings	Est. ongoing annual savings
IT	• Contract negotiations	\$3.3M	\$2.3M
	• Replacement systems		
	• Removal of old / unused items		
BSS	• Electronic employee onboarding		\$1.5M
	• Electronic payroll action requests		
	• Travel planning management		
	• Direct negotiations with suppliers		\$1.0M ¹
	• Usage of cooperative agreements		
	• Price comparisons on open markets		
Total			~\$8.1M

1. Most of these savings are recurring but some one-time savings may be included
 Source: Business Process Improvement—Implementation of Prior Administrative Improvement Studies Recommendations
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UNT System Shared Services Review

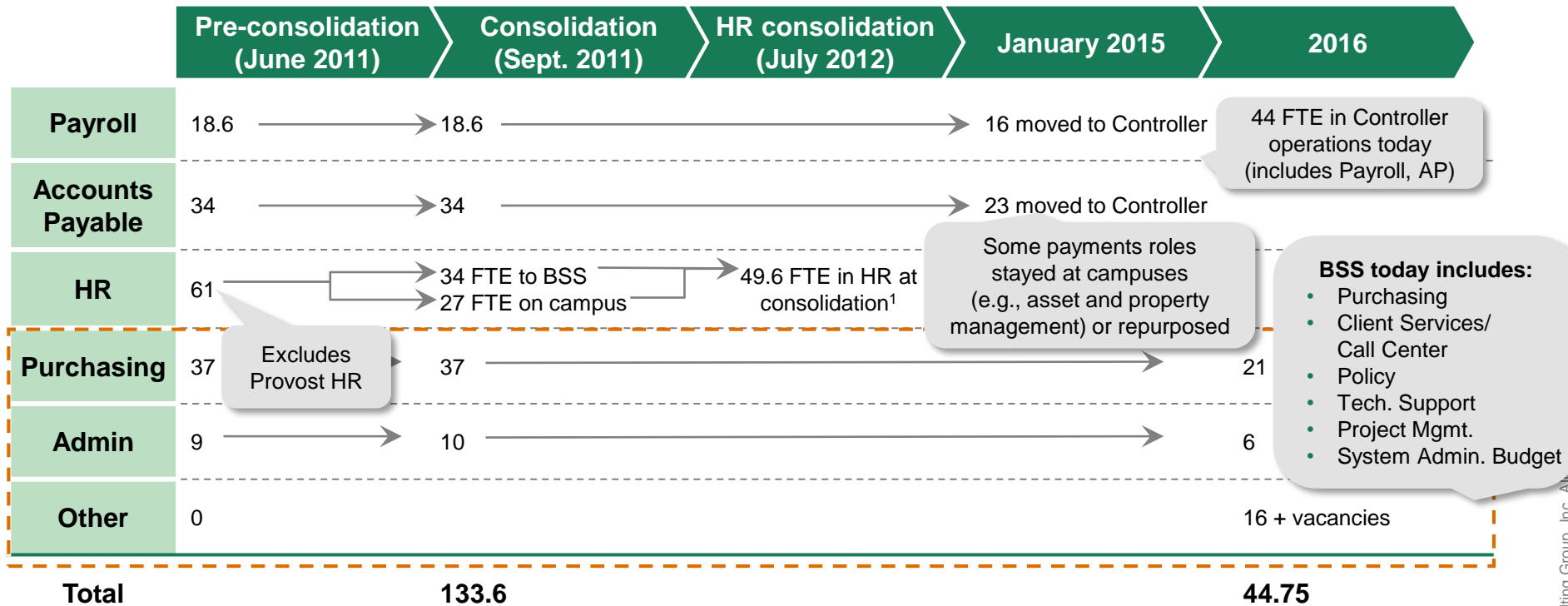
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Appendix: Additional supporting materials

BSS: FTE analysis

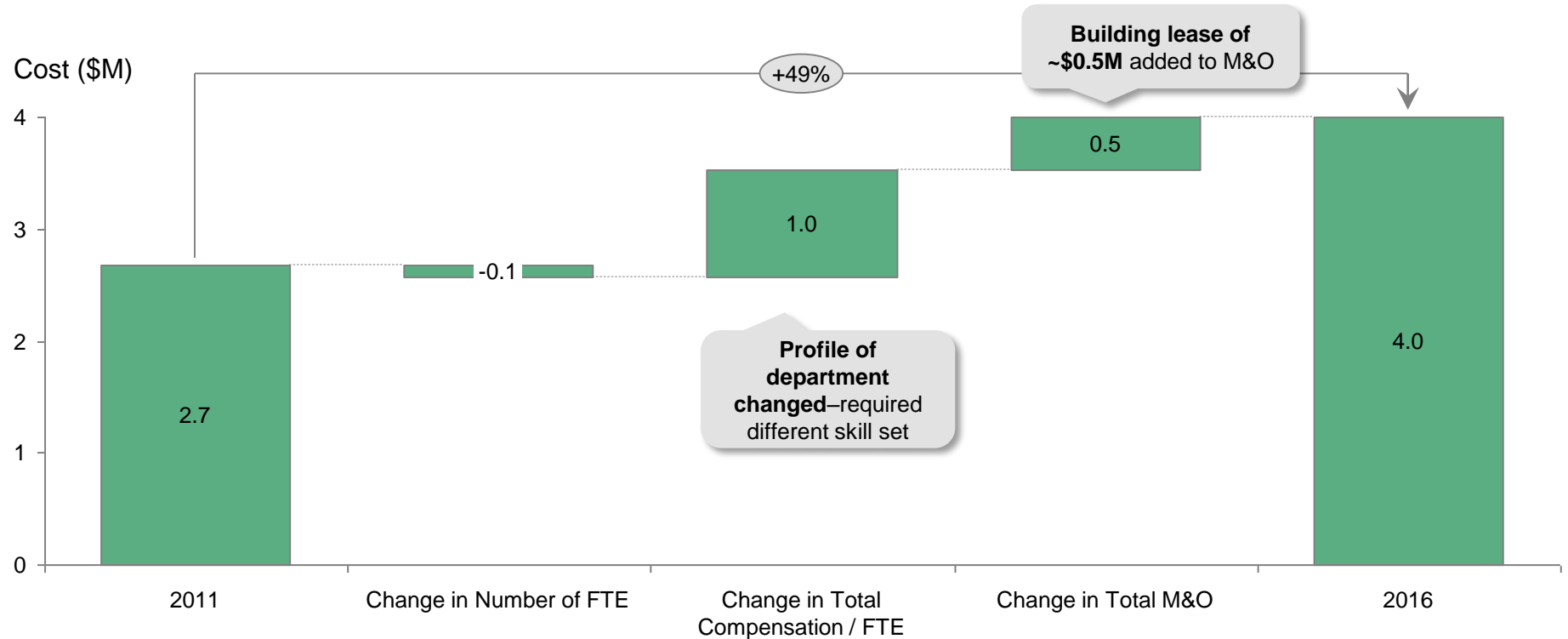


1. 49.6 FTE at consolidation excludes Provost HR, includes 12 transfers and 6 vacancies from BSS to HR, 32 transfers from campuses

Note: BSS FTE at time of consolidation does not include HR FTE on campuses; Excludes Provost HR;

Source: UNT System BSS Summary; BSC_Campus_Position_Summary; Internal interviews; BCG analysis

BSS: Cost analysis

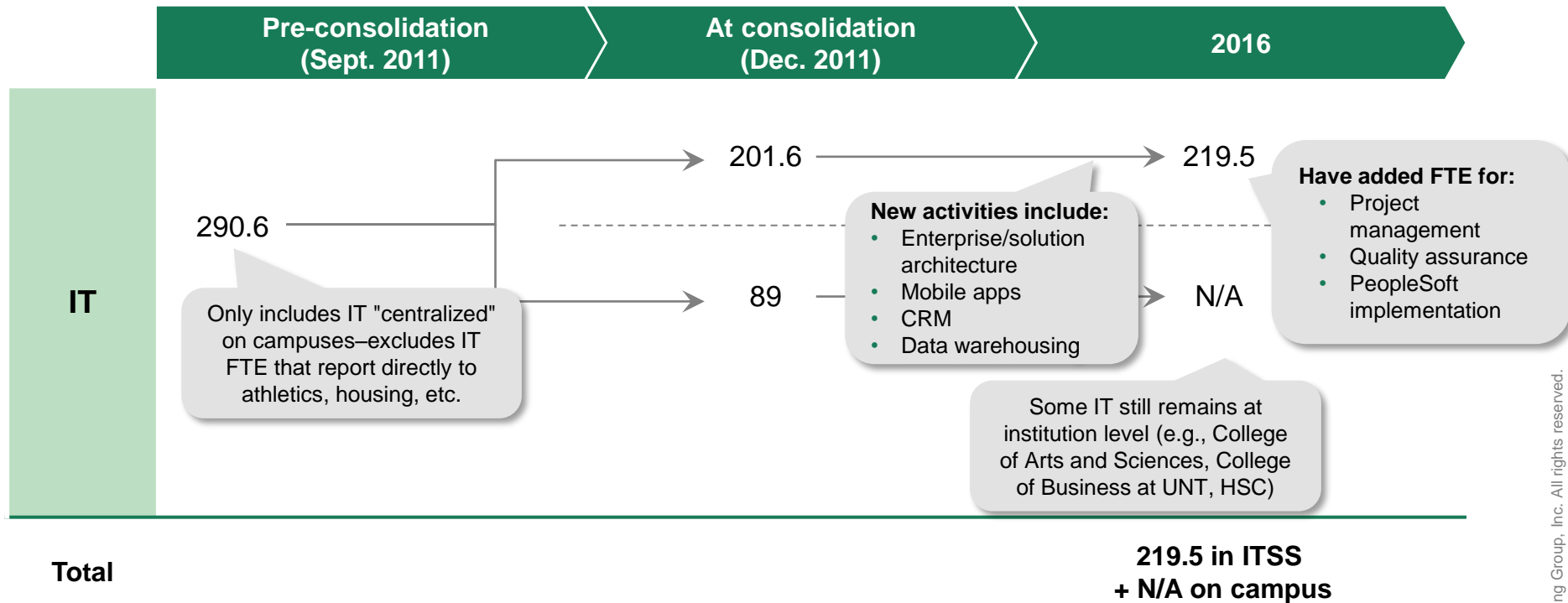


Initial	47	\$54,084	\$0.1M
Current	44.75	\$75,749	\$0.6M
Change	-5%	40%	333%

Note: FY12 BSS pro-forma presented to the Board of Regents used as a starting point to estimate FY12 BSS costs –adjusted for FTEs dedicated to purchasing and admin roles to ensure a better comparison to the BSS organization in 2016; Pre-consolidation Benefits and M&O expenses not available for all functions and estimated respectively as 30% of total salary and \$3000/FTE (based on Deloitte Allocations Appendix for BSS, HR, Payroll / AP, and Controller)

Source: UNT System BSS Summary; fy16 and fy17 budget comparison by dept; BSS Proforma FY12-FY16; BCG Analysis

IT: FTE analysis



Note: Analysis does not include FTE on campuses today in decentralized IT functions

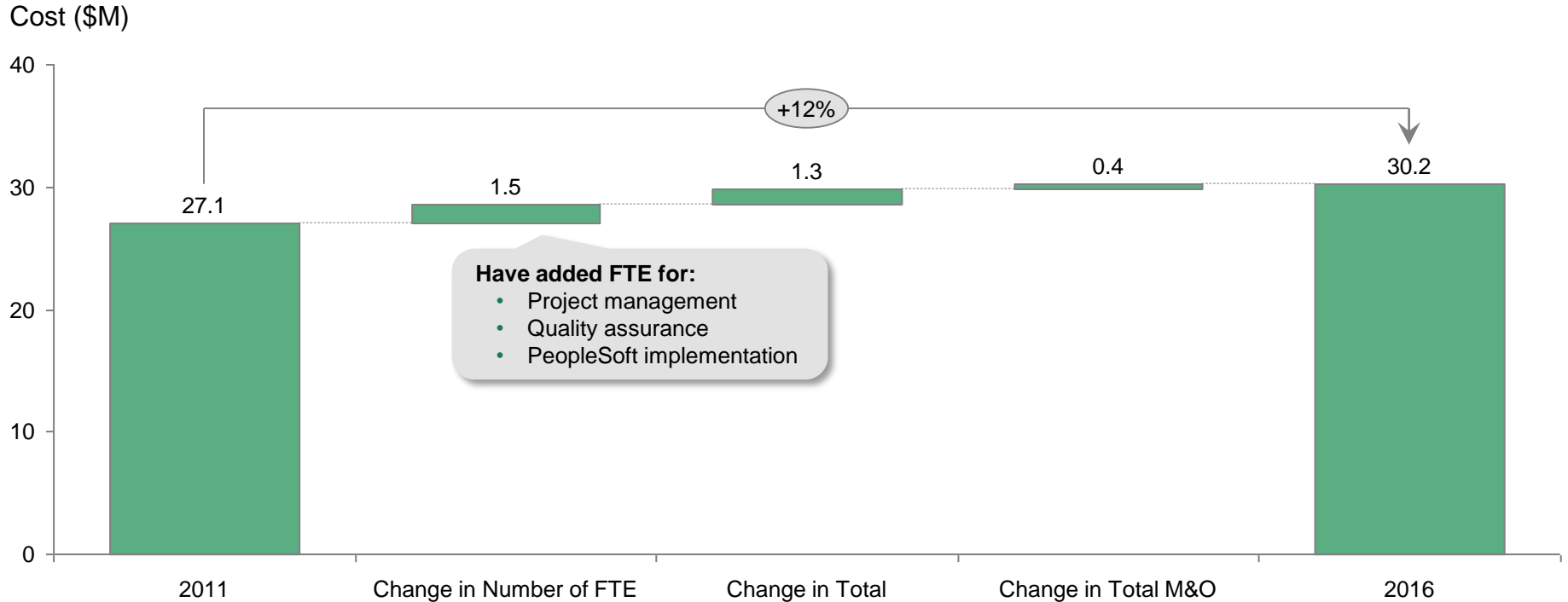
Source: UNT System IT Summary | IT Shared Services – Costs Model FY2012 Updated rh 03 07 2012 FINAL, ITSS Organizational Charts July 2016; Internal interviews; BCG Analysis

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IT: Cost analysis



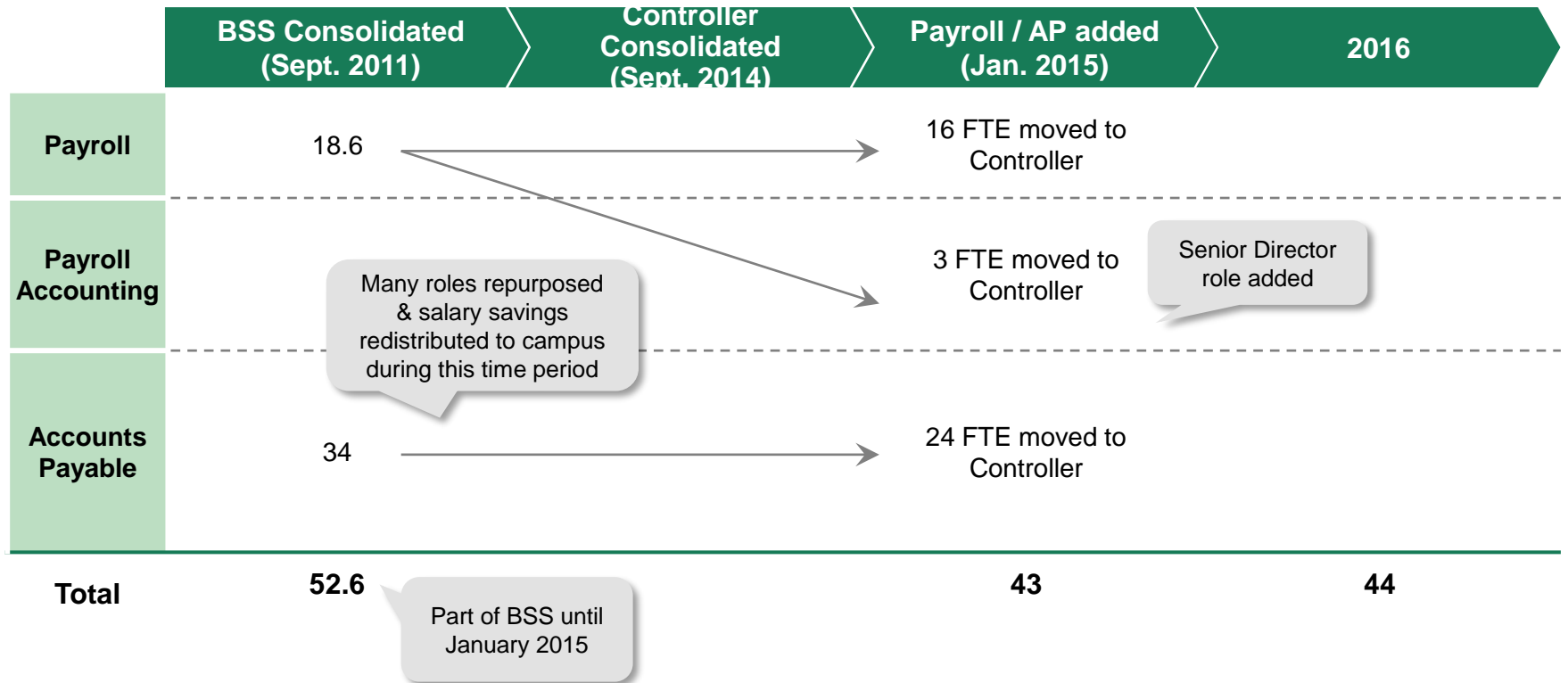
Have added FTE for:

- Project management
- Quality assurance
- PeopleSoft implementation

	2011	Change in Number of FTE	Change in Total Compensation / FTE	Change in Total M&O	2016
Initial		201.6	\$81,002	\$10.7M	
Current		219.5	\$87,216	\$11.1M	
Change		9%	8%	3%	

Note: FTE on campuses today in decentralized functions excluded; M&O includes capital investments; FY16 actuals not available at time of analysis, 2016 analysis based on available budget data; Some non-recurring cost items may be not included in the analysis if not part of the budget documents analyzed (e.g., non-recurring outsourcing expenses, PeopleSoft extension costs)
 Source: UNT System IT Summary; IT Shared Services – Costs Model FY2012 Updated rh 03 07 2012 FINAL, ITSS Organizational Charts July 2016; Client Interviews

Payroll / AP: FTE analysis



Payroll / AP: Cost analysis

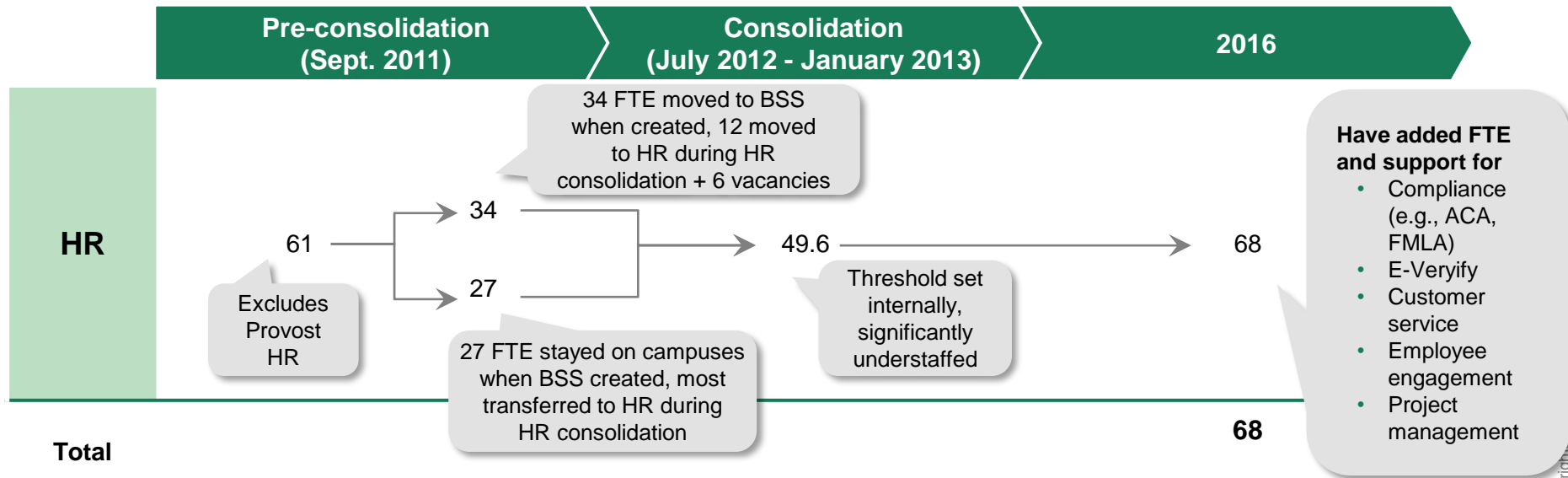


Initial	52.6	\$54,034	\$0.1M
Current	44	\$62,448	\$0.2M
Change	-16%	16%	7%

Note: Pre-consolidation Benefits and M&O expenses not available for all functions and estimated respectively as 30% of total salary and \$3000/FTE (based on Deloitte Allocations Appendix for BSS, HR, Payroll / AP, and Controller)

Source: UNT System Controller Summary, UNT System Administration Shared and Core Services Allocations Appendix (Deloitte), fy16 and fy17 budget comparison by dept; PeopleSoft July 2016 reports; Internal interviews; BCG Analysis

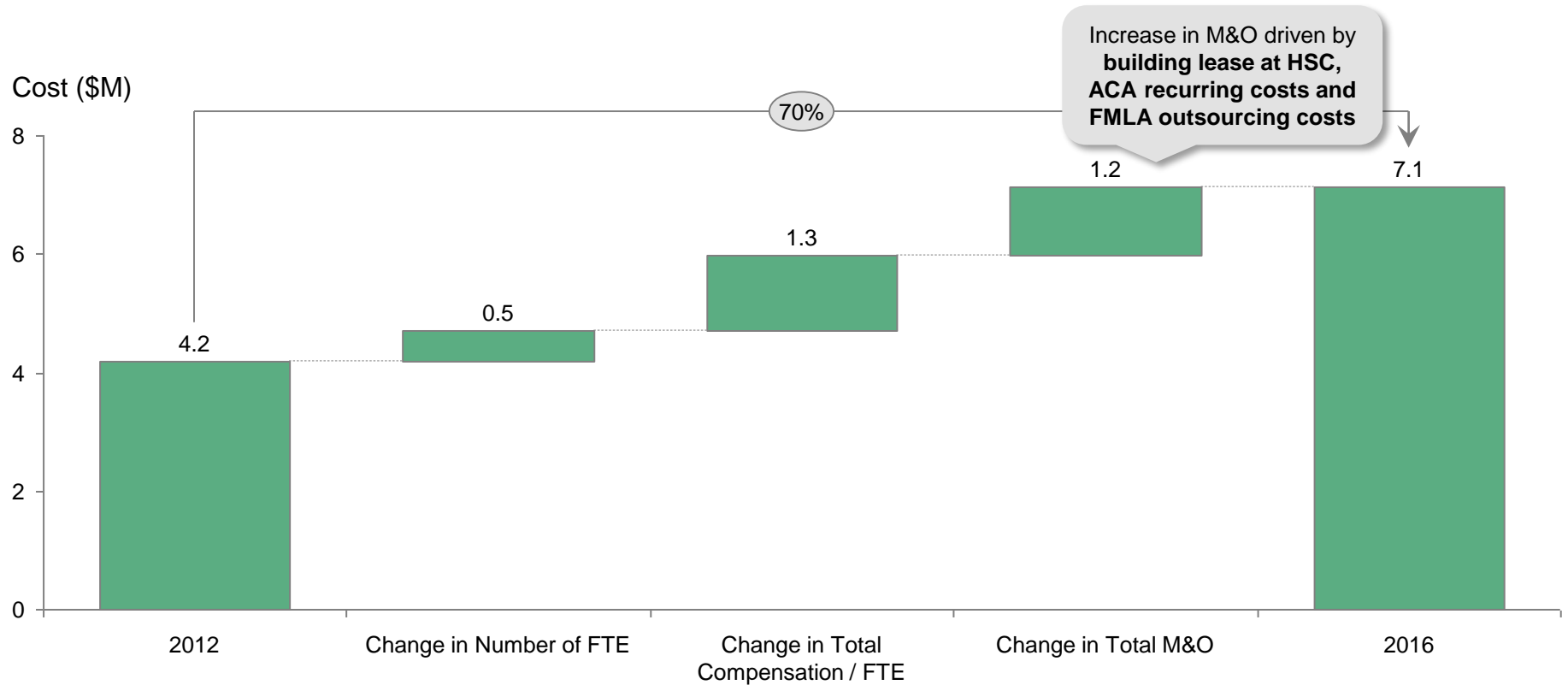
HR: FTE analysis



Note: HR FTE pre-consolidation (61 FTE) excludes Provost HR 8 FTE (2 FTE moved to BSC)

Source: UNT System HR Summary; BSC_Campus_Position_Summary; July 2016 Organizational charts; PeopleSoft July 2016 reports; Internal interviews; BCG Analysis

HR: Cost analysis

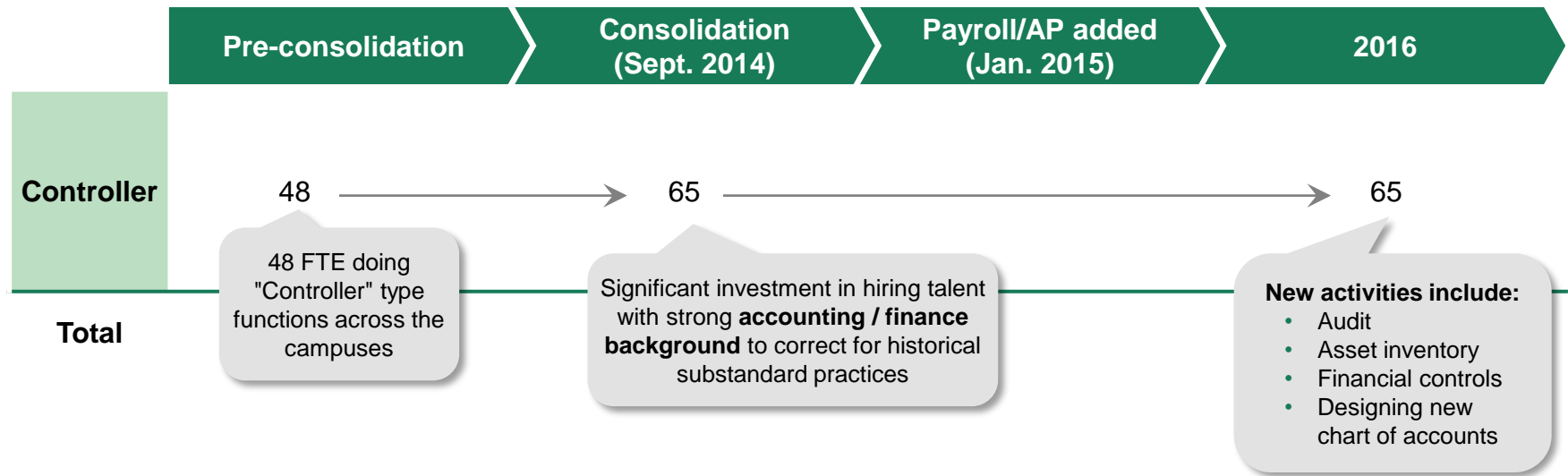


Initial	61	\$65,865	\$0.2M
Current	68	\$85,071	\$1.4M
Change	11%	29%	638%

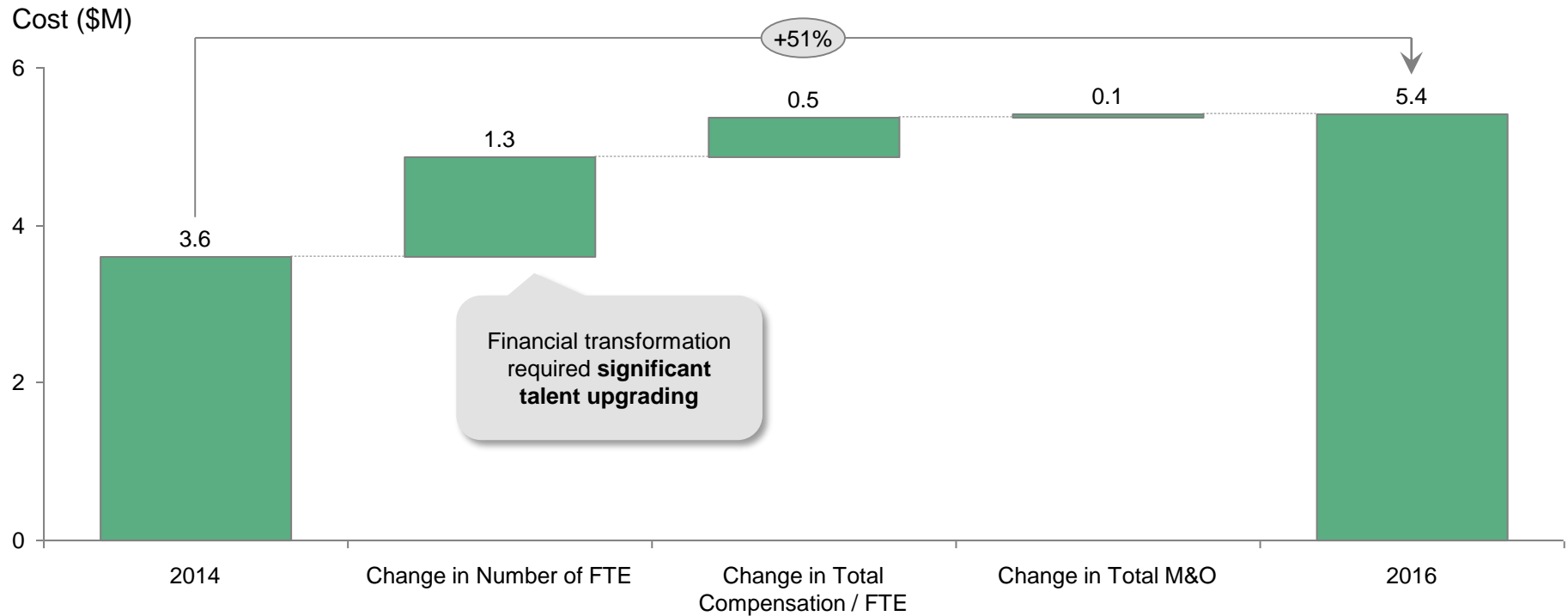
Note: Pre-consolidation Benefits and M&O expenses not available for all functions and estimated respectively as 30% of total salary and \$3000/FTE (based on Deloitte Allocations Appendix for BSS, HR, Payroll / AP, and Controller)

Source: UNT System HR Summary; BSC_Campus_Position_Summary; fy16 and fy17 budget comparison by dept; PeopleSoft July 2016 reports; Internal interviews; BCG Analysis

Controller: FTE analysis



Controller: Cost analysis



Initial	48	\$71,860	\$0.1M
Current	65	\$80,291	\$0.2M
Change	35%	12%	39%

Note: Pre-consolidation Benefits and M&O expenses not available for all functions and estimated respectively as 30% of total salary and \$3000/FTE (based on Deloitte Allocations Appendix for BSS, HR, Payroll / AP, and Controller) Source: UNT System Controller Summary, UNT System Administration Shared and Core Services Allocations Appendix (Deloitte), fy16 and fy17 budget comparison by dept; PeopleSoft July 2016 reports; BCG Analysis



UNT System Administration and Institutional Strategic Plan Review

Board of Regents Meeting
Strategic & Operational Excellence Committee
August 18, 2016

UNT System Administration Strategic Planning Update

Lee Jackson, Chancellor
August 18, 2016



UNT System Strategic Planning One-Pager

UNTS THEME	KEY OBJECTIVES	MEASURES / 5 YR TARGETS	STATUS
LEARNING & DISCOVERY:	1. Ensure quality academic program offerings	% of Academic Departments with documented plans	100% 0%
		No. of Nationally Ranked Academic Programs	50 0%
SUSTAINABLE GROWTH, FINANCE & RESOURCES:	2. Increase mission-specific investment	% of Consolidated Operating Budget for Central Mission Service	80% 0%
		% of Statewide Average Gift Income Per FTSE	100% 0%
QUALITY EXPERIENCES FOR LIFETIME SUCCESS:	3. Increase student engagement and satisfaction	% of Students Who Would Recommend their program	100% 0%
		% of Graduates with UNTS Sponsored Career Experience	100% 0%
PEOPLE & TEAMWORK:	4. Increase service quality and satisfaction	% Satisfaction of Internal/External Customers	100% 0%
		% of engaged employees	100% 0%

Baseline
 Current Year (FY16) Progress

UNT Health Science Center Strategic Planning Update

Michael Williams, President
August 18, 2016



UNTHSC Strategic Planning One-Pager

UNTS THEME	KEY OBJECTIVES	MEASURES / 5 YR TARGETS		STATUS
LEARNING & DISCOVERY:	1. Transform to a high performing center	% of schools and institutes meeting high performance criteria	100%	5% 10%
		Research award dollars increased	\$ 55,000,000	10% 20%
SUSTAINABLE GROWTH, FINANCE & RESOURCES:	2. Strengthen HSC long-term viability	Total donor funds received	\$100,000,000	7% 3%
		# of new GME slots	550	65% 6%
QUALITY EXPERIENCES FOR LIFETIME SUCCESS:	3. Create student outcomes and experiences that deliver values and extraordinary service to others	% of programs with >90% satisfaction with quality of teaching	100%	45%
		% of programs with >90% satisfaction with quality of education	100%	27%
PEOPLE & TEAMWORK:	4. Build culture based on values	Net Promoter score for all customers	>90%	
		% of New Hires hired for Values and Competencies	100%	16%

■ Baseline ■ Current Year Progress

2016 Key Objectives and Performance

2016 Results

1) Build Culture Based on Values:

A) % Team using Coaching: T=60%/R=59%

B) % Team Hired on Values/Comp: T=40%/R=21%

2) High Performing HSC:

A) Research Award \$: T=5%/R=5%-16%

T=\$44.8/R=\$45-\$50.7

(2016 1115 Waiver = \$8.7M)

B) New External Partnerships: T=3/R=2/3

2016 Key Objectives and Performance

2016 Results

Degree Programs with $\geq 90\%$ satisfaction in quality:

T= 100% of programs

A) R= Teaching 36% (4 of 11)

B) R= Education 27% (3 of 11)

Goals \longrightarrow Results

3) Student Outcomes & Experiences:

4) Strengthen HSC Long-term Viability:

A) Clinical Practice Loss Reduced: T= $< \$3M$ /R= $\$2.5M$

B) New GME Slots Created: T=30/R=31

2017 Strategic Planning

- Simplify
- Clarify
- BHAGS
- Be Impactful

UNT

UNT Strategic Planning Update

Neal Smatresk, President
August 18, 2016



UNT Strategic Planning One-Pager

UNTS THEME	KEY OBJECTIVES	MEASURES / 5 YR TARGETS		STATUS
LEARNING & DISCOVERY:	1. Increase total research expenditures and elevate national prominence	Increase restricted research expenditures	\$31.5M	52%
		Increase # of programs ranked nationally in top 100	57	82%
SUSTAINABLE GROWTH, FINANCE & RESOURCES:	2. Increase revenues and value	Increase cash donations received	\$23.3M	55% 8%
		Increase # of graduate students	8,042	83%
QUALITY EXPERIENCES FOR LIFETIME SUCCESS:	3. Prepare all graduates to be competitive in the marketplace	Increase # of degrees awarded	9,051	93%
		Increase % of UG graduating students receiving significant career development through university programs	50%	0%
PEOPLE & TEAMWORK:	4. Create a data driven culture that focuses on continuous improvement	Increase % of engaged employees	100%	0%
		Increase % of faculty who have participated in culture change training	50%	0%

■ Base line ■ Current Year Progress (FY16)

2016 Key Objectives, Performance & Results

- 1) Research and Reputation: Increase total research expenditures and elevate national prominence
 - A) Increase restricted research expenditures: T=\$31.5M/R=(reported in Oct/Nov)
 - B) Increase # of programs ranked nationally in the top 100: T=57/R=47 (82%)

- 2) Growth & Sustainability: Increase revenues and value
 - A) Increase cash donations received: T=\$23.3M/R=\$14.6M (63%)
 - B) Increase # of graduate students: T=8,042/R=(reported in Sept)

2016 Key Objectives, Performance & Results

- 3) Student Success:
Prepare all graduates to be competitive in the marketplace
 - A) Increase # of degrees awarded: T=9,051/R=(reported in September)
 - B) Increase % of UG graduating students receiving significant career development through university programs: T=50%/R=(new QEP program in FY17, no data)

- 4) Culture:
Create a data driven culture that focuses on continuous improvement
 - A) Increase % of engaged employees: T=100%/R=(new UNT System survey, no data)
 - B) Increase % of faculty who have participated in culture change training: T=50%/R= (new program in FY17, no data)

UNT faces two important challenges

#1 Maintaining Tier 1 Status

Firmly embedding ourselves in the Tier 1 Carnegie Classification by growing our research and reputation

#2 Improving Student Success

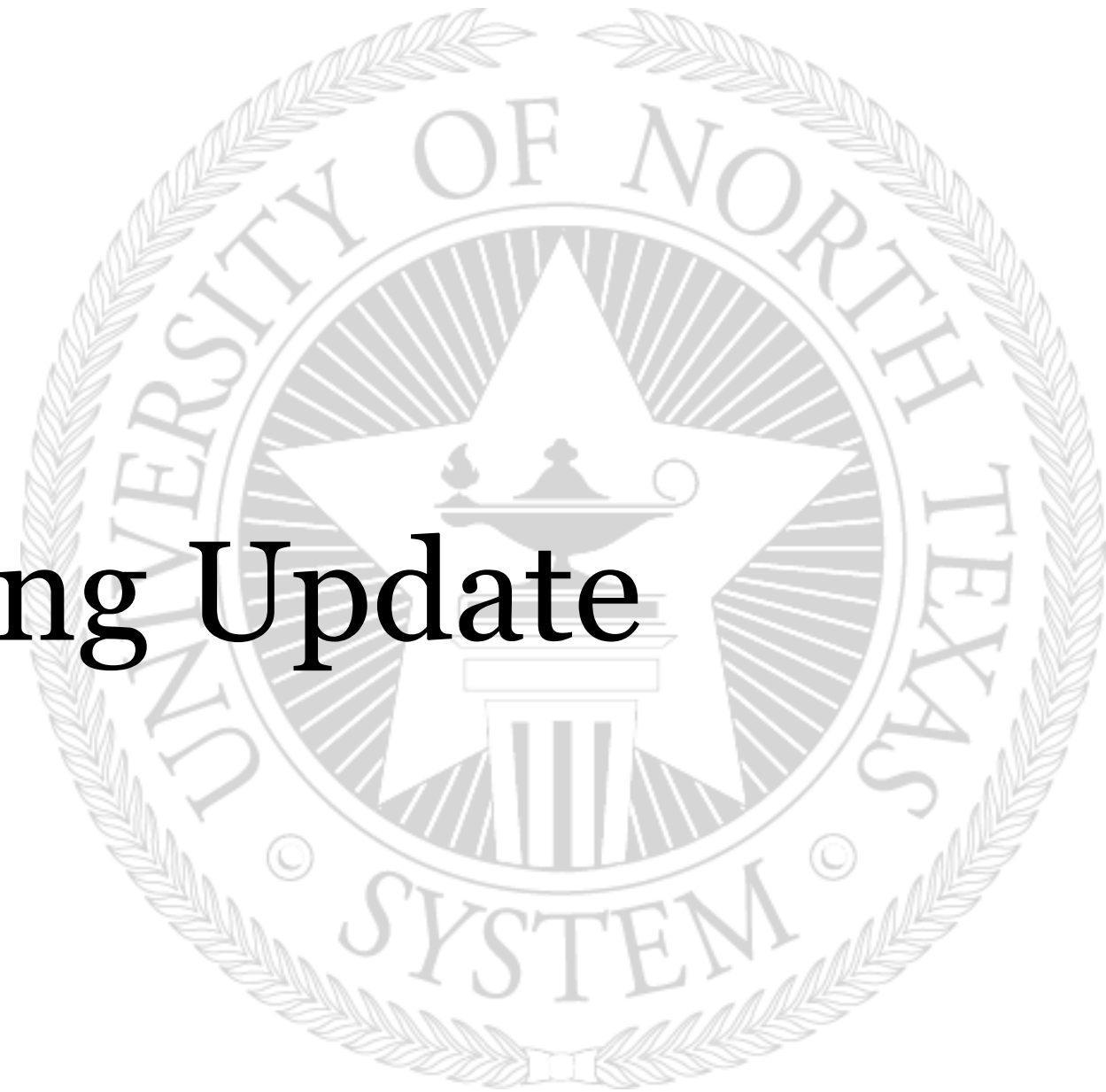
Meeting our core mission by graduating more students and better preparing them for workplace achievement

Changing Culture and Increasing Revenues

A nimble innovative culture united by a shared purpose will drive student success and reputation, which in turn will generate more revenue and accelerate our progress

UNT Dallas Strategic Planning Update

Bob Mong, President
August 18, 2016



UNTD Strategic Planning One-Pager

UNTS THEME	KEY OBJECTIVES	MEASURES / 5 YR TARGETS	STATUS
LEARNING & DISCOVERY:	1. Establish academic programs of excellence that address regional and student needs	No. of Programs of Excellence compared to national peers	4 0%
		Priority Programs Aligned to Workforce Needs	10 0%
SUSTAINABLE GROWTH, FINANCE & RESOURCES:	2. Increase annual fundraising and enrollment to achieve sustainable size	Total Cash Received	\$5 Million 12%
		% of Headcount Enrollment Goal	5,000 51.9% -1.7%
QUALITY EXPERIENCES FOR LIFETIME SUCCESS:	3. Increase graduates with quality learning outcomes and career experiences	% of Graduates with Univ.sponsored high impact internships/career experiences	80% 0%
		% of Graduates with Outstanding Communications Skills	85% 0%
PEOPLE & TEAMWORK:	4. Build a strong culture of shared values	% of Students Who Would Recommend their program	100% 0%
		% of engaged employees	100% 36%

■ Baseline ■ Current Year Progress (FY16)

Key Objectives:

- 1) Establish academic programs of excellence that address regional and student needs
 - A) No. of Programs of Excellence compared to national peers: T=4
 - B) Priority Programs Aligned to Workforce Needs: T=10

- 2) Increase annual fundraising and enrollment to achieve sustainable size
 - A) Total Cash Received: T=\$5 Million/R=12%
 - B) % of 5,000 Headcount Goal: T=5,000 Headcount/R=49.8%

Key Objectives:

- 3) Increase graduates with quality learning outcomes and career experiences

- 4) Build a strong culture of shared values

- A) % of Graduates with Univ. sponsored high impact internships/career experiences: T=80%
- B) % of Graduates with Outstanding Communications Skills: T=85%

- A) % of Students Who Would Recommend their program: T=100%
- B) % of engaged employees: T=100%/R=36%

Goals:

- Rooted in community
- Grow
- Serve

Plan Priorities: UNT System Administration Strategic Goals



UNTS THEME	KEY OBJECTIVES	MEASURES / 5 YR TARGETS	STATUS
LEARNING & DISCOVERY:	1. Ensure quality academic program offerings	% of Academic Departments with documented plans 100%	0%
		No. of Nationally Ranked Academic Programs 50	0%
SUSTAINABLE GROWTH, FINANCE & RESOURCES:	2. Increase mission-specific investment	% of Consolidated Operating Budget for Central Mission Service 80%	0%
		% of Statewide Average Gift Income Per FTSE 100%	0%
QUALITY EXPERIENCES FOR LIFETIME SUCCESS:	3. Increase student engagement and satisfaction	% of Students Who Would Recommend their program 100%	0%
		% of Graduates with UNTS Sponsored Career Experience 100%	0%
PEOPLE & TEAMWORK:	4. Increase service quality and satisfaction	% Satisfaction of Internal/External Customers 100%	0%
		% of engaged employees 100%	0%

■ Baseline ■ Current Year (FY16) Progress

UNT System Administration Strategic Plan At-a-Glance

UNTS Theme	Key Objectives	Initiatives	Measures	Targets					
				Baseline	2016	2 Year	5 Year	Optional	Optional
LEARNING & DISCOVERY: Create and continuously improve vibrant and innovative academic communities	1. UNTS: Guide and support high performing standards and goals for every academic, research, and clinical program (UNT System) (08/31/31)	1.1 Require clear goals for each academic, student support, and research program on UNTS campuses, working closely with Presidents, Provosts, and other leaders to establish clear understanding of targets for above average peer performance in the areas most important to each program. (UNTS VC: Haggett) (08/31/21)	M: Certify goals for all programs				100%		
	2. UNTS: Maintain a thorough, regular evidence-based process of consistent performance reporting and innovation to improve continuously (UNT System) (08/31/31)	2.1 Develop and maintain a formal assessment with each campus annually to review progress and promote innovation opportunities (UNTS VC: Haggett) (08/31/21)	M: Formal progress assessments completed each year				1		
SUSTAINABLE GROWTH, FINANCE & RESOURCES: Achieve exceptional service and value for all customers including students	3. UNTS: Instill performance standards with peer benchmarks, improvement goals, regular reporting, and customer feedback across System Administration and institutions (UNT System) (08/31/31)	3.1 Establish service level goals and targets for all appropriate administrative and student services, measure performance against benchmark data, and assist campus officials in doing the same for key campus-based services (UNTS VC: Waldron) (08/31/21)	M: Meeting service level targets				100%		
		3.2 Implement technology tools to track service performance on a continuing basis across all key services (UNTS VC: Waldron) (08/31/21)	M: Automate and report all service performance				100%		
		3.3 Create a culture of service excellence. (UNTS VC: Waldron) (08/31/21)	M: Customer satisfaction with quality of service				100%		
	4. UNTS: Manage total expenditures and student-borne costs, and be able to provide a strong and sustainable value proposition for a UNTS education (UNT System) (08/31/31)	4.1 Manage total expenditures by establishing meaningful measures in each higher education expenditure category and reporting consistently. (UNTS VC: Waldron) (08/31/21)	M: Value-added budget reporting format				100%		
		4.2 Maintain appropriate tuition and financial aid strategies to reduce student costs to degree, constrain student debt, and maintain quality and competitive position. (UNTS VC: Waldron) (08/31/21)	M: Measure & report cost to degree compared to targets/peers				100%		
		4.3 Improve financial net position. (UNTS VC: Waldron) (08/31/21)	M: # of weeks of operating cash reserves				18		
	5. UNTS: Provide comprehensive support and guidance in core system services that are excellent, timely, cost effective, and responsive (UNT System) (08/31/31)	5.1 Establish and maintain high performance standards for all financial management responsibilities (UNTS VC: Waldron) (08/31/21)	M: Monitor performance regularly				4		
		5.2 Provide services and leadership in master planning, real estate services, development and delivery of capital facilities through collaborative processes with campus leadership, achieving high functionality, cost effectiveness, and innovation. (UNTS VC: Maguire) (08/31/21)	M: Customer satisfaction with quality of service				100%		
5.3 Provide valuable guidance to UNTS and its institutions to maintain full compliance with all relevant laws, regulations, and standards. (UNTS VC: Footer) (08/31/21)		M: Customer satisfaction with quality of service				100%			
QUALITY EXPERIENCES FOR LIFETIME SUCCESS: Provide quality experiences for lifetime success for all students	6. UNTS: Ensure the design of quality experiential learning, leadership, and teamwork activities in all academic programs and a more comprehensive student record of experience beyond the transcript (UNT System) (08/31/31)	6.1 Broaden the exposure of all UNTS students to career-related experiences and leadership and team-based activities. (UNTS VC: Haggett) (08/31/21)	M: Graduates with career-related experience				100%		
		6.2 Establish a comprehensive portfolio opportunity for all students to recognize their significant achievements in addition to those reflected on transcripts (UNTS VC: Haggett) (08/31/21)	M: Percentage of students utilizing student portfolio product				100%		
	7. UNTS: Develop alumni engagement through student mentorships, alumni surveys, and alumni education opportunities (UNT System) (08/31/31)	7.1 Promote the building of broader alumni participation in student support programs and continuing educational opportunities. (UNTS VC: Haggett) (08/31/21)	M: Yearly percentage increase in alumni engagement				10%		
PEOPLE & TEAMWORK: Develop the fullest potential of every team member	8. UNTS: Establish a culture of employee engagement, assessment and satisfaction (UNT System) (08/31/31)	8.1 Create a culture of leadership collaboration, empowerment, and accountability. (UNTS VC: Waldron) (08/31/21)	M: Leadership training program participation				100%		
		8.2 Regularly assess employee engagement and satisfaction and incorporate findings into all evaluations of administrators. (UNTS VC: Waldron) (08/31/31)	M: % employee engagement and satisfaction				100%		
	9. UNTS: Become a "Best Place to Work" (UNT System) (08/31/31)	9.1 Select an externally sponsored Best Place to Work program and become recognized. (UNTS VC: Waldron) (08/31/31)	M: Recognition by Best Place to Work program				100%		

Plan Priorities: UNT Strategic Goals



UNTS THEME	KEY OBJECTIVES	MEASURES / 5 YR TARGETS	STATUS
LEARNING & DISCOVERY:	1. Increase total research expenditures and elevate national prominence	Increase restricted research expenditures \$31.5M	52%
		Increase # of programs ranked nationally in top 100 57	82%
SUSTAINABLE GROWTH, FINANCE & RESOURCES:	2. Increase revenues and value	Increase cash donations received \$23.3M	55% 8%
		Increase # of graduate students 8,042	83%
QUALITY EXPERIENCES FOR LIFETIME SUCCESS:	3. Prepare all graduates to be competitive in the marketplace	Increase # of degrees awarded 9,051	93%
		Increase % of UG graduating students receiving significant career development through university programs 50%	0%
PEOPLE & TEAMWORK:	4. Create a data driven culture that focuses on continuous improvement	Increase % of engaged employees 100%	0%
		Increase % of faculty who have participated in culture change training 50%	0%

■ Baseline ■ Current Year Progress (FY16)

UNT - Institutional Strategic Plan At A Glance

					Sep-Aug 2015-2016	Sep-Aug 2017-2018	Sep-Aug 2020-2021	Sep-Aug 2025-2026	Sep-Aug 2030-2031
UNTS Theme	UNT Key Objectives	UNT Initiatives	UNT Measures		FY'16	FY'18	FY'21	FY'26	FY'31
LEARNING & DISCOVERY: 1. Create and continuously improve vibrant and innovative academic communities	1. UNT: Strengthen the quality, numbers and accessibility of academic offerings to address evolving student and regional economic and workforce needs.	1.1 Establish off-site instructional facilities - Finley Graves (8/31/21)	M: total # of off-site instructional facilities		2	4	5	5	5
		1.2 Increase SCH through distance education offerings - Finley Graves (8/31/21)	M: total # distance education SCH		157,481	173,458	198,165	239,889	271,674
		1.3 Achieve re-accreditation through the Southern Association of Colleges and Schools Commission on College - Bob Brown (12/31/17)	M: % of reaccreditation process complete		97%	-	-	-	-
		1.4 Review and improve comparative status and rankings of academic programs - Finley Graves (8/31/31)	M: # of programs nationally ranked in top 100 in their field		49	53	59	69	79
		1.5 Evaluate and adjust academic programs within colleges and schools to address emerging needs - Finley Graves (08/31/21)	M: % of programs reviewing curricula on a 3-year cycle		0%	50%	100%	100%	100%
	2. UNT: Enhance research activities in key established and emerging areas of strength to promote innovation, entrepreneurialism and increase research funding.	2.1 Initiate Institutes of Research Excellence and establish functional governance model - Tom McCoy (08/31/31)	M: \$ grant revenue received annually		0	\$4M	\$8M	\$13M	\$25M
		2.2 Strengthen faculty in key established and emerging areas - Tom McCoy (08/21/2021)	M: net increase in total # of additional new faculty hired in identified key areas		1	5	12	20	50
		2.3 Increase private sponsored research agreements (SRAs) - Tom McCoy (08/31/21)	M: total # of new SRAs executed annually		2	6	12	17	25
		2.4 Build intellectual property portfolio - Tom McCoy (08/31/31)	M: total # of new licenses executed annually		1	2	4	5	7
		2.5 Optimize and expand research space - Tom McCoy (08/31/21)	M: # of square feet of research space		280,691 SF	300,000 SF	315,000 SF	320,000 SF	400,000 SF
		2.6 Establish plan and schedule for participation in Texas National Research University Fund - Tom McCoy (08/31/21)	M: total annual restricted research expenditures as a % of \$45M		40%	44%	67%	111%	178%
		2.7 Increase graduate student funding - Finley Graves (08/31/21)	M: average UNT graduate stipends compared to average in OSU Graduate Stipend Study		109%	110%	112%	113%	115%
		2.8 Align promotion and tenure standards to our national prominence goal - Finley Graves (08/31/16)	M: % of department P&T standards reviewed and improved to aspirant standards on 5-year cycle		100%	-	-	-	-
SUSTAINABLE GROWTH, FINANCE & RESOURCES: 2. Achieve exceptional service and value for all customers including students	3. UNT: Improve management of fiscal and physical resources to enhance efficiencies and cost savings.	3.1 Improve financial net position - Bob Brown (08/31/21)	M: # of weeks of operating funds in reserves		15	16	17	20	22
		3.2 Establish user friendly financial dashboards - Bob Brown (08/31/21)	M: # of interactive dashboards		2	5	7	9	15
		3.3 Improve and expand campus physical infrastructure - Bob Brown (08/31/21)	M: % of facilities with renovation age greater than 25 years		69%	67%	65%	58%	50%
	4. UNT: Increase key measures of engagement and fundraising.	4.1 Increase philanthropic support - David Wolf (08/31/21)	M: total \$ annual cash received		\$14.9M	\$19.1M	\$25.4M	\$35.9M	\$46.4M
		4.2 Increase number of donors - David Wolf (08/31/21)	M: increase the total # of donors		10,000	10,500	11,250	12,500	13,750
		4.3 Expand alumni network and engagement - David Wolf (08/31/21)	M: increase total # UNT Alumni Association members		9,000	10,500	12,000	14,000	16,000
		4.4 Increase new investment into UNT Foundation and University Endowments (permanent and quasi) - David Wolf (08/31/21)	M: new gift \$ additions to endowments and quasi-endowments per year		\$3.0M	\$4.0M	\$5.5M	\$7.5M	\$10M
	5. UNT: Improve student and administrative customer service.	5.1 Implement mobile application that provides enterprise solution for most valued functions and information to current and prospective students - Shannon Goodman (08/31/18)	M: % of process complete		8%	100%	-	-	-
		5.2 Work with UNT System to improve shared and campus administrative functions to develop high quality services and data systems - Bob Brown (08/31/21)	M: % of service level targets met		90%	92%	96%	98%	98%
	6. UNT: Adopt focused strategies to improve the quality and diversity of the student population.	6.1 Increase enrollment by developing and implementing a robust student enrollment plan - Shannon Goodman (08/31/21)	M: total # of headcount enrollment (Denton & off-site instructional facilities)		37,175	38,557	40,665	43,010	45,263
		6.2 Implement robust CRM and marketing automation software - Shannon Goodman (08/31/18)	M: % of process complete		50%	100%	-	-	-
		6.3 Achieve minority-serving institution (MSI) status - Joanne Woodard (08/31/18)	M: % complete		50%	100%	-	-	-
		6.4 Achieve Hispanic-serving institution (HSI) status - Joanne Woodard (08/31/21)	M: % complete		60%	80%	100%	-	-
6.5 Increase the number of National Merit Scholars - Shannon Goodman (08/31/21)		M: # of new National Merit Scholars annually		15	17	20	25	30	
6.6 Improve the overall quality of the entering class (FTIC) - Shannon Goodman (08/31/21)		M: % of entering FTIC students in top 25% of high school class		55%	56.10%	58.60%	62.60%	66.50%	
QUALITY EXPERIENCES FOR LIFETIME SUCCESS: 3. Provide quality experiences for lifetime success for all students	7. UNT: Foster and support student persistence and success.	7.1 Increase retention numbers by creating a comprehensive retention program designed to identify and address students' academic and well-being needs- Elizabeth With (08/31/21)	M: % first year (fall-to-fall) FTIC retention		79.17%	79.71%	80.61%	83.16%	85.42%
		7.2 Improve 6-year graduation rate (UNT Only; cohort based) - Shannon Goodman (08/31/21)	M: % six year graduation rate		51.30%	52.80%	53.40%	54.40%	55.40%
		7.3 Increase degrees awarded - Shannon Goodman (08/31/21)	M: total # degrees awarded		8,803	8,853	9,140	9,526	9,958
	8. UNT: Prepare all students to be competitive in the marketplace.	8.1 Expand professional development and internship opportunities available to students - Finley Graves (08/31/21)	M: # of programs included in QEP		0	20	50	100	125
		8.2 Establish new and expand current programs to improve student career preparedness - Elizabeth With (08/31/21)	M: % of students participating in professional development and internship opportunities		25%	33%	50%	55%	60%
PEOPLE & TEAMWORK: 4. Develop the fullest potential of every team member	9. UNT: Recruit, retain, develop and support an outstanding team of faculty and staff.	9.1 Establish a program to improve mentoring, training and career development support for staff - Bob Brown (12/31/21)	M: % of staff participation		50%	60%	80%	85%	90%
		9.2 Increase participation of staff mid-level managers receiving training for upper-level responsibility - Bob Brown (08/31/21)	M: % of staff mid-level manager participation		10%	20%	30%	35%	35%
		9.3 Expand mentoring and career development for new full-time faculty - Finley Graves (08/31/18)	M: % new full-time faculty participating in mentoring programs		50%	100%	-	-	-
		9.4 Ensure robust academic leadership development- Finley Graves (08/31/21)	M: # of faculty participating in leadership development programs		82	95	110	120	120
	10. UNT: Develop a common sense of purpose based on best practices	10.1 Develop and implement a campus climate assessment process - Joanne Woodard (08/31/21)	M: % of employee engagement and satisfaction		25%	50%	100%	100%	100%

Plan Priorities: UNT Health Science Center Strategic Goals



UNTS THEME	KEY OBJECTIVES	MEASURES / 5 YR TARGETS	STATUS
LEARNING & DISCOVERY:	1. Transform to a high performing center	# of schools and institutes meeting high performance criteria 80%	5% 10%
		% of programs with IPE/P curriculum implemented 100%	10% 20%
SUSTAINABLE GROWTH, FINANCE & RESOURCES:	2. Strengthen HSC long-term viability	Total donor funds received \$50,000,000	7% 3%
		# of new GME slots 550	65% 6%
QUALITY EXPERIENCES FOR LIFETIME SUCCESS:	3. Create student outcomes and experiences that deliver values and extraordinary service to others	% of programs with >90% satisfaction with quality of teaching 100%	45%
		% of programs with >90% satisfaction with quality of education 100%	27%
PEOPLE & TEAMWORK:	4. Build culture based on values	Net Promoter score for all customers >90%	
		% of New Hires hired for Values and Competencies 100%	16%

■ Baseline ■ Current Year Progress

Last Edited: 07.28.16

UNTHSC Strategic Plan At-a-Glance

UNTS Theme	Key Objectives	Initiatives	Measures	Baseline	2016	Targets	
						2 Year	5 Year
LEARNING & DISCOVERY	1. Transform to high-performing health science center	1.1 Restructure to high-performing schools and institutes (Thomas Yorio) (08/31/20)	M: Number of schools and institutes recognized as a high performing school or institute	2	4	5	5
		1.2 Expand educational, clinical and research programs with external partners (Thomas Yorio) (08/31/20)	M: # of new signed partnership agreements	0	2	3	5
		1.3 Develop high-performing Patient Safety Institute (Michael Hicks) (08/31/20)	M: # of clinical academic programs for which core curriculum is implemented	0	1	2	4
SUSTAINABLE GROWTH, FINANCE & RESOURCES	2. Strengthen HSC long-term viability	2.1 Develop successful, financially-sustainable practice plan that aligns with the mission of HSC (Michael Hicks) (08/31/20)	M: % of clinics that are financially sustainable	25%	80%	100%	100%
		2.2 Increase number of GME slots by adding new GME programs (Thomas Yorio) (08/31/20)	M: # of total GME slots	360	390	450	550
		2.3 Create a culture of continuous improvement (Stephen Barrett) (08/31/20)	M: # of process improvement projects completed	0	3	9 total	15
		2.4 Improve net financial position (Greg Anderson) (08/31/20)	M: # of weeks of operating cash reserves	19.1	16.5	13	22
		2.5 Increase philanthropy (Doug White) (08/31/20)	M: Total donor funds received 2016-2020	\$3,428,423	#####	\$25,000,000	\$ 50,000,000
QUALITY EXPERIENCES FOR LIFETIME SUCCESS	3. Create student outcomes and experiences that deliver value and extraordinary service to others	3.1 Enhance student services for career counseling (based on UNTHSC Student Satisfaction Survey) (Thomas Yorio) (08/31/20)	M: Percent of graduating students during academic year who receive career services	41.38%	41.38%	60%	75%
		3.2 Improve quality of teaching (based on UNTHSC Student Satisfaction Survey) (Thomas Yorio) (08/31/20)	M: Number of programs with >90% student satisfaction with quality of teaching	5	4	8	11
		3.3 Improve quality of education (based on UNTHSC Student Satisfaction Survey) (Thomas Yorio) (08/31/20)	M: Number of programs with >90% student satisfaction with quality of education	3	3	8	11
PEOPLE & TEAMWORK	4. Build culture based on values	4.1 Create a nationally recognized best places to work environment (Steve Sosland) (08/31/20)	M: # of Best Place to Work campus initiatives	0	2	5	7
		4.2 Create Leadership Institute (Steve Sosland) (08/31/20)	M: # of external clients	0	3	4	8
		4.3 Create a customer service culture (Stephen Barrett) (08/31/20)	M: Customer satisfaction with quality of service	0	0%	100%	100%

Explanation of Changes:

- 1.2 updated to reflect new signed agreement
- 2.1 Updated to reflect 2016 performance
- 2.2 2-year and 5-year goal increased
- 2.4 Updated with new CFO name and 2016 performance
- 2.5 Updated with progress
- 3.2 5-year goal decreased by 1 to 11 because HSC has 11 programs, not 12; updated performance
- 3.3 5-year goal decreased by 1 to 11 because HSC has 11 programs, not 12; updated performance
- 4.3 Updated with progress

Plan Priorities: UNT Dallas Strategic Goals

UNTS THEME	KEY OBJECTIVES	MEASURES / 5 YR TARGETS		STATUS
LEARNING & DISCOVERY:	1. Establish academic programs of excellence that address regional and student needs	No. of Programs of Excellence compared to national peers	4	0%
		Priority Programs Aligned to Workforce Needs	10	0%
SUSTAINABLE GROWTH, FINANCE & RESOURCES:	2. Increase annual fundraising and enrollment to achieve sustainable size	Total Cash Received	\$5 Million	12%
		% of Headcount Enrollment Goal	5,000	51.5% -1.7%
QUALITY EXPERIENCES FOR LIFETIME SUCCESS:	3. Increase graduates with quality learning outcomes and career experiences	% of Graduates with Univ.sponsored high impact internships/career experiences	80%	0%
		% of Graduates with Outstanding Communications Skills	85%	0%
PEOPLE & TEAMWORK:	4. Build a strong culture of shared values	% of Students Who Would Recommend their program	100%	0%
		% of engaged employees	100%	36%

Baseline Current Year Progress (FY16)

UNT Dallas Strategic Plan At-a-Glance

UNTS Theme	Key Objectives	Initiatives	Measures	Baseline	2016	Targets			
						2018	2021	2026	10 Year
LEARNING & DISCOVERY: 1. Create and continuously improve vibrant and innovative academic communities	1. Align our work to our market's greatest needs (UNT Dallas) (08/31/21)	1.1 Reduce the gap between UNT Dallas program offerings and the market needs (Shumway) (08/31/21)	# of priority programs identified		5	6	10	-----	
	2. Identify priority programs that are relevant, distinctive, and differentiated, including one that will be the best in North Texas (UNT Dallas) (08/31/21)	2.1 Establish hallmark programs in each academic school (Shumway) (08/31/21)	# of hallmark programs identified		1	3	5	-----	
	3. Recruit and retain outstanding teacher-scholars (UNT Dallas) (08/31/21)	3.1 Align UNT Dallas mission/vision to recruit outstanding teacher-scholars in terms of teaching, teaching service, university service, service to profession, and research. (Muniz) (08/31/21)	% of faculty hires that qualify as outstanding teacher-scholars		0%	75%	100%	-----	
		3.2 Retain outstanding teacher-scholars to include teaching, teaching service, university service, service to profession, and research. (Muniz) (08/31/21)	% of faculty identified as outstanding teacher-scholars		0%	40%	100%	-----	
	4. Benchmark with similar aspirational universities regionally, nationally, and best in class (UNT Dallas) (08/31/21)	4.1 Identify areas of excellence compared to regional peers (Shi) (08/31/21)	# of regional peers		5	5	5	-----	
		4.2 Identify areas of excellence compared to national peers (Shi) (08/31/21)	# of national peers		3	3	3	-----	
		4.3 Identify areas of excellence compared to best in class peers (Shi) (08/31/21)	# of best in class peers		3	3	3	-----	
		4.4 Identify areas of excellence compared to AACSCU peers (Shi) (08/31/21)	# of AACSCU peers		44	44	44	-----	
SUSTAINABLE GROWTH, FINANCE & RESOURCES: 2. Achieve exceptional service and value for all customers including students	5. Use data strategically to guide better decision making (UNT Dallas) (08/31/21)	5.1 Commit to Proactive, Informed Data-Driven Decision-Making Via Data Improvement (Jarrell) (08/31/21)	Retrieval and accurate data is housed in the data warehouse		TBD	75%	100%	-----	
		5.2 Improve the Availability and Visibility of Data Among Functional Units (Jarrell) (08/31/21)	% of constituents have access to reliable data to make informed decisions		75%	90%	100%	-----	
		5.3 Implement New and Enhanced Visualization Tools and Techniques for Planning and Forecasting (Jarrell) (08/31/21)	% completion of Data Warehouse to enhance planning and forecasting.		TBD	75%	100%	-----	
	6. Increase philanthropic support (UNT Dallas) (08/31/21)	6.1 Commit to ambitious fundraising goals (Rodriguez) (08/31/21)	Total Cash Received 2016-2021		800,000	2,000,000	5,000,000	-----	
		6.2 Develop goal and strategy for first capital campaign (Rodriguez) (08/31/21)	Capital campaign plan completion		0%	40%	100%	-----	
		6.3 Increase value of endowments (permanent and quasi) (Rodriguez) (08/31/21)	New gift dollar additions to endowments and quasi-endowments		25,000	100,000	3,000,000	-----	
	7. Increase enrollment, retention, and completion rates (UNT Dallas) (08/31/21)	7.1 Grow student enrollment (Edelman) (08/31/21)	Increase student headcount		2,488	3,480	5,000	-----	
		7.2 Exceed FTIC state retention rate (Edelman) (08/31/21)	% above state retention rate		-5.3%	3%	6.5%	10%	
		7.3 Improve 4-year graduation rate (Edelman) (08/31/21)	Four year graduation rate		7.6%	15%	20%	25%	
		7.4 Improve 6-year graduation rate (Edelman) (08/31/21)	Six-year graduation rate		NA	0%		50%	
	8. Improve student and administrative customer service (UNT Dallas) (08/31/21)	8.1 Increase information resources to University stakeholders (Robertson) (08/31/18)	Increase the # of resources		2	3	6	-----	
		8.2 Develop a One-Stop-Shop to welcome and retain students (Robertson) (08/31/17)	Creation of one-stop shop		80%	100%	-----	-----	
		8.3 Create a customer-oriented culture (Robertson) (08/31/26)	Net Promoter Score		0			25	
	9. Keep tuition and fees affordable (UNT Dallas) (08/31/21)	9.1 Remain among the most affordable 4-year university within the North Texas region (Fashina) (08/31/21)	Remain in the lowest quartile of cost of tuition and fees within the region			100%	100%	-----	
	10. Build active residential life and additional facilities to make UNTD more vibrant (UNT Dallas) (08/31/21)	10.1 Tie pending construction to increased academic and student activities along with implementation of 1st year experience programing (Chapple) (08/31/21)	# of programs developed		0	2	6	-----	
11. Develop more meaningful private-public partnerships (UNT Dallas) (08/31/21)	11.1 Build the number of private-public partnerships (Lumzy) (08/31/21)	# of partnerships		1	7	20	-----		
12. Improvement management of fiscal resources (UNT Dallas) (08/31/21)	12.1 Improve financial net position through growth in reserves. (Fashina) (08/31/21)	# of weeks of operating funds in reserve		9		12	-----		
QUALITY EXPERIENCES FOR LIFETIME SUCCESS: 3. Provide quality experiences for lifetime success for all students	13. Active Learning: every student graduates with one of more of these experiential credentials: a paid internship; a demanding research effort; a scholarly work-related project; extensive service learning participation (UNT Dallas) (08/31/21)	13.1 Demonstrated Competencies: All graduates demonstrate outstanding oral and written communication skills (Balas) (08/31/21)	Score of 90% for the "Communication" rubric		0	40%	85%	-----	
		13.2 Demonstrated Competencies: All graduates demonstrate strong critical thinking and analytical abilities (Balas) (08/31/21)	Score of 85% for the "Initiative/Problem Solving" rubric		0	40%	78%	-----	
		13.3 Demonstrated Competencies: All graduates demonstrate ethical decision making (Balas) (08/31/21)	Score of 90% for the "Leadership and Ethics" rubric		0	50%	80%	-----	
		13.4 Demonstrated Competencies: All graduates demonstrate ability to work well with others (Balas) (08/31/21)	Score of 95% for the "Teamwork" rubric		0	50%	90%	-----	
		13.5 Pathway to Social and Economic Mobility: Become a national leader in producing graduates who make better than expected earning after graduation (Edelman) (08/31/25)	% of Alumni that will earn more than the prevailing entry wages after one year		0%	0%	0%	75%	
		13.6 Enhance and expand Experiential Learning Experiences (Lacy) (08/31/21)	% of Graduates with Univers. Sponsored high impact internship/career experiences		10%	40%	80%	-----	
		13.7 Be known for conducting service learning projects in the community (Lacy) (08/31/21)	% of participating community partners that report levels of satisfaction		10%	40%	70%	-----	
	14. Develop expertise serving under-resourced college students (UNT Dallas) (08/31/21)	14.1 Benchmark with Best-In-Class Institutions (Chapple) (08/31/21)	# of Best-In-Class Institutions		5	5	5	-----	
	14.2 Expand Mentorship Programs (Chapple) (08/31/21)	# of mentorship programs		0	2	3	-----		
	14.3 Obtain Title III Grants for developing universities (Chapple) (08/31/21)	# of grants obtained		0	1	4	-----		
PEOPLE & TEAMWORK: 4. Develop the fullest potential of every team member	15. Build a strong culture based on our shared values (UNT Dallas) (08/31/21)	15.1 Practice inter-professional cooperation and respect (Finney) (08/31/21)	Recognition by Best Place to Work program		0%	0%	100%	-----	
		15.2 G.R.E.A.T Communications - Genuine Relevant Effective and Timely Communication (Jolly) (08/31/21)	% of primary audiences who articulate the university's institutional mission		10%	40%	80%	-----	
		15.3 Establish traditions (Chapple) (08/31/21)	# of traditions		2	4	6	-----	
		15.4 Serve different student constituencies well (Skinner) (08/31/21)	Satisfaction of quality of service		59%	65%	80%	-----	



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MINUTES

BOARD OF REGENTS Academic Affairs and Student Success Committee May 19-20, 2016

Thursday, May 19, 2016

The Academic Affairs and Student Success Committee of the Board of Regents of the University of North Texas System convened on Thursday, May 19, 2016, in Room 712, UNT System Building, 1901 Main St, Dallas, Texas, with the following members in attendance: Regents Al Silva, Milton Lee and A.K. Mago.

There being a quorum present the meeting was called to order by Committee Chairman Silva, at 11:08 a.m. The minutes of the February 25-26, Academic Affairs and Student Success Committee meeting were approved on a 3-0 vote following a motion by Regent Mago, seconded by Regent Lee.

Chair Silva noted there were three briefings on the agenda that morning. The first, **Overview of Academic Program Performance Assessment**, was provided by Chancellor Lee Jackson and Vice Chancellor Rosemary Haggett.

The second briefing, **Commit!: Lifting Educational Outcomes for 750,000 Students**, was delivered by Todd Williams, Executive Director, and Sagar Desai, Chief Operating Officer, of the Commit! Partnership.

The Committee finished their briefings with a presentation, **The Commit! Partnership with UNT Dallas**, delivered by UNT Dallas President Bob Mong and the UNT Dallas Dean of Education, John Gasko.

Chair Silva noted that the Committee had received two background reports:

- **Quarterly Academic Measures Report**
- **UNT System Institutions Academic Program Inventory.**

There being no further business, the Committee meeting recessed at 12:25 p.m until the following day.

Friday, May 20, 2016

The Academic Affairs and Student Success Committee of the Board of Regents of the University of North Texas System reconvened on Friday, May 20, 2016, in in Room 712, UNT System Building, 1901 Main St, Dallas, Texas, with the following members in attendance: Regents Al

Silva, Milton Lee and Laura Wright, with Regent Wright serving as a temporary member of the Committee. There being a quorum present the meeting was called to order by Committee Chair Silva at 9:05 a.m.

UNT System Vice Chancellor and General Counsel Nancy Footer presented a set of policies for consideration related to the prohibition of sexual assault and retaliation at UNT, UNT Health Science Center, and UNT Dallas.

3. UNTS Approval of University of North Texas, University of North Texas Health Science Center, and University of North Texas at Dallas policies related to Prohibition of Sexual Assault and Retaliation

Pursuant to a motion by Regent Milton Lee and seconded by Regent Laura Wright, the Committee approved the above item on a 3-0 vote.

UNT System Vice Chancellor Rosemary Haggett presented the 2016-2017 admission standards for UNT System institutions for approval.

4. UNTS Approval and Ratification of 2016-2017 Admission Standards for UNT System Institutions

Pursuant to a motion by Regent Laura Wright and seconded by Regent Milton Lee, the Committee approved the above item on a 3-0 vote.

Provost Graves presented a slate of faculty who had gone through the tenure process and UNT recommended for tenure.

5. UNT Approval of UNT Tenure Recommendations

Pursuant to a motion by Regent Milton Lee and seconded by Regent Laura Wright, the Committee approved the above item on a 3-0 vote.

Provost Yorio presented a slate of faculty who had gone through the tenure process and the UNT Health Science Center recommended for tenure.

6. UNTHSC Approval of UNTHSC Tenure Recommendations

Pursuant to a motion by Regent Laura Wright and seconded by Regent Milton Lee, the Committee approved the above item on a 3-0 vote.

Provost Becker presented a slate of faculty who had gone through the tenure process and UNT Dallas recommended for tenure.

7. UNTD Approval of UNT Dallas Tenure Recommendations

Pursuant to a motion by Regent Milton Lee and seconded by Regent Laura Wright, the Committee approved the above item on a 3-0 vote.

Provost Becker presented a request for approval of a new academic degree program, a B.S. in Public Health, at UNT Dallas. She noted that the Board had previously approved a B.A. in Public Health at UNT Dallas.

8. UNTD Authorize a New UNT Dallas Bachelor of Science Degree in Public Health

Pursuant to a motion by Regent Laura Wright and seconded by Regent Milton Lee, the Committee approved the above item on a 3-0 vote.

The last action item for consideration by the Committee was approval of a proposed new mission statement for UNT Dallas, which was presented by President Mong.

7. UNTD Approval of Change to UNT Dallas Mission Statement

Pursuant to a motion by Regent Milton Lee and seconded by Regent Laura Wright, the Committee approved the above item on a 3-0 vote.

There being no further business, the Committee meeting adjourned at 9:13 a.m.

Submitted By:

Rosemary R. Haggett
Rosemary R. Haggett
Board Secretary

Date: June 7, 2016



Board Briefing

Committee: Academic Affairs & Student Success

Date Filed: July 28, 2016

Title: Review of University of North Texas System Administration policy related to *Carrying of Concealed Handguns in the UNT System Building*

Background:

In February 2016 the campuses of the University of North Texas System brought forward for Board of Regents review policies for the carrying of handguns on their respective campuses in accordance Senate Bill 11, which was passed by the Texas Legislature in 2015. The UNT System Administration now seeks review of its policy regarding the carrying of concealed handguns in the UNT System Building, located at 1901 Main Street in Dallas.

Senate Bill 11 provides that reasonable rules and regulations regarding the carrying of concealed handguns on campus may be implemented after consultation with faculty, staff and students. The consultative process must take into account the nature of the student population; uniqueness of the campus environment; and specific safety concerns. The rules may not generally prohibit or have the effect of generally prohibiting license holders from carrying concealed handguns on campus.

Senate Bill 11 specifically provides that the governing board shall review the rules within 90 days of the date they are established. The board may amend the rules by a two-thirds majority vote. If amended by the board, the amended version becomes the institution's rules. The institution must publish the rules on its website so that they are accessible by students, faculty, and staff. Rules may be amended by the Chancellor after engaging in the type consultative process described above and submission to the governing board for review.

Most System Administration employees work on one of the UNT System campuses, where the campus policy governs the carrying of handguns. In addition, a large portion of the UNT System Building is leased to the UNT Dallas College of Law, and the leased portions of the building are governed by UNT Dallas's policy on carrying of handguns. The remainder of the System Building is managed by the System Administration and is subject to regulation by the Chancellor, with review by the Board.

To gather feedback on the impact of Senate Bill 11 in the System Building, a survey of System Administration employees was conducted. The feedback received from the survey helped inform the proposed policy, which seeks to balance the interest in promoting safety with respect for the right to carry concealed handguns. The policy identifies locations and activities where handguns are prohibited, and contains processes for designating locations temporarily prohibiting concealed handguns in the System Building and for review of such decisions.

Per Senate Bill 11, the Board must review the System Administration's policy, which establishes rules related to *Carrying of Concealed Handguns in the UNT System Building*. Based on such review, the Board can accept the policy as written or amend, in whole or part, provisions in the

policies by a majority two-thirds vote. Additionally, Senate Bill 11 requires that a report be submitted to the Legislature each even-numbered year beginning September 1, 2016 that describes the System's rules and the reasons for the rules.

Financial Analysis/History:

The System estimates costs of less than \$1,000 to cover signage and training.

Janet Waldron

Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System,
ou=Vice Chancellor for Finance,
email=janet.waldron@untsystem.edu, c=US
Date: 2016.08.08 12:44:19 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, ou=University of North Texas
System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 13:35:12 -05'00'

Vice Chancellor/General Counsel

Schedule:

Following Board review and action, the System Administration's policy will become effective immediately.

Recommendation:

It is recommended that the Board accepted the attached rules as proposed by the Chancellor of the UNT System.

Recommended By:

Lee Jackson

Digitally signed by Lee Jackson
DN: cn=Lee Jackson, o=UNT System,
ou=Office of the Chancellor,
email=lee.jackson@untsystem.edu,
c=US
Date: 2016.08.09 17:10:46 -05'00'

Chancellor

Attachments Filed Electronically:

- UNT System Administration Policy No. x.xxx, *Carrying of Concealed Handguns in the UNT System Building*



Board Order

Title: Review of University of North Texas System Administration policy related to Carrying of Concealed Handguns in the UNT System Building

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent and seconded by Regent, the Board approved the motion presented below:

Whereas, an institution of higher education must establish reasonable rules regarding the carrying of concealed handguns by properly licensed individuals after consulting with students, staff, and faculty of the institutions regarding the nature of the student population, specific safety considerations, and the uniqueness of the campus environment, and

Whereas, the Chancellor engaged in a process to consult with System Administration staff and recommends a policy and guidelines for the System Building, and

Whereas, the attached policy does not establish provisions that generally prohibit or have the effect of generally prohibiting properly licensed individuals from carrying concealed handguns in the System Building, and

Whereas, review of the System Administration's policy is necessary to bring the Board of Regents into compliance with Senate Bill 11 and its mandates.

Now, Therefore, The Board of Regents accepts without amendment the following:

- 1. UNT System Administration Policy No. x.xxx, Carrying of Concealed Handguns in the UNT System Building

VOTE: ___ ayes ___ nays ___ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary Board of Regents

Brint Ryan, Chairman Board of Regents

Policies of the University of North Texas System Administration	Chapter 02
02.1600 Carrying of Concealed Handguns in System Administration Building	Administration

Policy Statement. The University of North Texas System is committed to providing a safe environment for students, employees, and visitors and to respecting the right of individuals who are licensed to carry handguns where permitted by law. Individuals who are licensed to carry may do so in the UNT System Building except in locations and at Activities prohibited by law or by this policy.

Application of Policy. All individuals. This policy does not apply to commissioned peace officers as defined in article 2.12 of the Texas Code of Criminal Procedures and commissioned security officers while on duty at the UNT System Building as defined in section 1702.002(5) of the Texas Occupations Code.

Definitions.

1. **Activities.** “Activities” means all functions, events, and programs held in the UNT System Building.
2. **Campus premises.** “Campus premises” means all land, buildings and portions of buildings owned or leased by the University of North Texas System.
3. **Concealed handgun.** “Concealed handgun” means a handgun, the presence of which is not openly noticeable to the ordinary observation of a reasonable person.
4. **Days.** “Days” means business days.
5. **Employee.** “Employee” means an individual at any component of the University of North Texas System who is hired in a full-time, part-time, or temporary capacity in a faculty or staff position or in a position where the individual is required to be a student as a condition of employment.
6. **Handgun.** “Handgun” means any firearm that is designed, made, or adapted to be fired with one hand.
7. **Interscholastic event.** “Interscholastic event” means a function or program involving elementary or secondary schools.

8. Large-scale event. “Large-scale event” means a function or event, other than a classroom or academic program, where attendance is reasonably anticipated to exceed 100 individuals.
9. License Holder. “License Holder” means a person issued a License to Carry a Handgun (formerly called a “Concealed Handgun License”) by the Texas Department of Public Safety under Chapter 411 of the Texas Government Code.
10. Reviewing Official. “Reviewing Official” means the Chancellor or the System Administration official designated by the Chancellor to review a decision to temporarily restrict the carrying of concealed handguns in the UNT System Building.
11. UNT System Building. “UNT System Building” means the property located at 1901 Main Street, Dallas, Texas.
12. Work Area. “Work area” means the place or places an individual performs assigned duties as an employee of a component of the University of North Texas System.

Procedures and Responsibilities.

A. Open Carry Prohibited.

All persons, including License Holders, are prohibited from openly carrying a handgun in the UNT System Building.

B. Carrying of Concealed Handgun by a License Holder.

1. Right to Carry. A License Holder may carry a concealed handgun while in the UNT System Building unless prohibited by state or federal law, or by this policy. License Holders are responsible for knowing areas where carrying a concealed handgun is prohibited, including where notice is not required to be posted.
2. Intoxication. A License Holder may not carry a concealed handgun while intoxicated.
3. Display of Concealed Handgun. A License Holder may not carry a partially or wholly visible handgun, or intentionally or knowingly display a handgun in plain view of another person, even if holstered, in the UNT System Building.
4. Requirement to Display License. A License Holder must display his or her license to carry when directed by a law enforcement officer in accordance with section 411.205 of the Texas Government Code. Otherwise, an individual is not required to disclose whether he or she is a License Holder upon entry into the UNT System Building or in order to participate in any program or service offered in the building, except as required by law.

C. Carrying of Concealed Handgun by Employees.

1. Right to Carry. A System Administration employee who lawfully holds a license to carry may carry a concealed handgun into the UNT System Building, unless restricted by this policy. A System Administration employee who is performing duties on the campus premises at a component of the UNT System is responsible for complying with the concealed handgun policy for that campus.
2. Unauthorized Use. A System Administration employee is not authorized to use the weapon in the course and scope of performing his or her duties. A System Administration employee whose possession, storage, or use of a handgun results in personal injury or property damage is personally liable for the injury or damage, and is not entitled to immunity under section 411.208 of the Government Code or any other immunity to which the individual may be otherwise entitled as a System Administration employee.

D. Locations and Activities where Concealed Handguns are Prohibited.

A License Holder is prohibited from carrying a concealed handgun into the UNT System Building where prohibited by law and where prohibited by this policy based on the nature of the student population, specific safety concerns, and uniqueness of the environment.

1. Concealed handguns are prohibited:
 - a. at a location designated as a polling place on the day of a federal, state, or local election, including while early voting is in progress as set out in section 46.03(a)(2) of the Texas Penal Code;
 - b. at a location used as a church, synagogue, or other established place of religious worship as prohibited under section 46.035(b)(6) of the Texas Penal Code;
 - c. at a location in the UNT System Building used by a court unless the handgun is carried pursuant to written regulation or written authorization of the court in accordance with section 46.03(a)(3) of the Texas Penal Code;
 - d. where state or federal law or contract, at the sole discretion of the state or federal government or organization with whom the contract is entered, requires exclusion of a handgun in a specific location and the exclusion does not generally prohibit or have the effect of generally prohibiting License Holders from carrying concealed handguns in the System Building; and
 - e. at a location where an open meeting is being conducted pursuant to Chapter 551 of the Texas Government Code when the proper notices are provided.

2. Concealed handguns are prohibited at the following Activities:
 - a. university, college and high school graduations; and
 - b. where alcoholic beverages are available or served.

Responsible Party: Director, System and External Relations

E. Obligation to Provide Notice Where Concealed Handguns are Prohibited.

The System Administration shall provide notice at all locations and Activities where concealed handguns are prohibited under this policy and may post notice where handguns are expressly prohibited but where notice is not required to be posted by law. The language of the notice, which is set out in section 30.06 of the Texas Penal Code, shall not be altered in any way unless revised by state law. Any individual who without authorization, tampers with, defaces, modifies or removes a notice provided pursuant to this policy is subject to disciplinary action, including trespass from the UNT System Building, suspension, termination of employment or a business relationship, and is subject to criminal prosecution.

1. Notice required under this policy must read:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

2. Notice must be provided in writing and on a card or other document in both English and Spanish. When notice is posted at a location, the sign must appear in contrasting colors with block letters at least one (1) inch in height, displayed in a conspicuous manner that is clearly visible to the public, and at a sufficient distance from the location or Activity to inform a License Holder that entry on the property or presence at the Activity with a concealed handgun is prohibited.
3. The System Administration shall publish this policy annually in the employee policy manual and on a webpage dedicated to the carrying of concealed handguns, and shall promptly inform organizations that lease property in the building of any changes to the policy.
4. Contracts and leases for use of space in the UNT System Building shall include pertinent provisions of this policy.

Responsible Party: Director, System and External Relations

F. Temporarily Prohibiting Concealed Handguns on Campus Premises.

1. The Chancellor or Chancellor’s designee may prohibit the carrying of concealed handguns for up to seventy-two (72) hours in order to promote safety in the UNT System Building:
 - a. when an Activity has a history for violence;
 - b. where a Large-scale event, due to the uniqueness of the building environment, specific threat of violence, or other safety considerations presents a reasonable threat to health or safety;
 - c. when it reasonably appears there is threat of injury to human life, destruction to the UNT System Building, or a threat of willful disruption of orderly operation of the System Administration as defined in section 51.231 of the Education Code, or
 - d. upon receipt of credible information of imminent injury to human life or destruction to university property.

3. Review of Decision to Temporarily Restrict Carrying of Concealed Handgun.
 - a. A License Holder may request review of the decision to temporarily prohibit the carrying of a concealed handgun.
 - b. The request must be submitted in writing to the Reviewing Official and describe why allowing concealed handguns at the location or Activity does not present a safety concern.
 - c. The Reviewing Official may request additional information and must notify the License Holder of the decision no later than two (2) days after receiving the request for review. The notice must provide the reason(s) for the decision.
 - d. The decision of the Reviewing Official is final.

Responsible Party: Reviewing Official

G. Sanctions for Violating this Policy.

Any individual who violates this policy is subject to disciplinary action to include trespass from the UNT System Building, suspension, or termination of employment or a business relationship, and is subject to criminal prosecution.

Responsible Party: Director, System and External Relations, Human Resources Office

H. Report to Legislature.

The System Administration shall prepare a report for the Texas Legislature describing the System Administration rules adopted to regulate the carrying of concealed handguns on campus and the reasons for the rules, not later than September 1, 2016 and every even-numbered year thereafter.

Responsible Party: Chancellor

I. Amending Policy.

The Chancellor may amend this policy as necessary for safety, to include permanently designating new or additional locations where the carrying of concealed handguns in the UNT System Building is prohibited. Any prohibition must be based on specific safety considerations, the nature of the student population that regularly uses the building, and the uniqueness of the UNT System environment; and may not generally prohibit or have the effect of generally prohibiting License Holders from carrying concealed handguns on campus premises.

1. A request to amend this policy to permanently prohibit the carrying of a concealed handgun must be submitted, in writing, to the UNT System Vice Chancellor and General Counsel.
2. The request must describe the specific factual reasons for the permanent designation, including any safety concern(s), the nature of the student population that regularly uses the building, and any unique features or circumstances related to the building or part of the building, or Activity that will take place regularly in the building. The request also should identify other locations in the building or Activities, if any, with similar characteristics where concealed handguns are prohibited.
3. The request and proposed amendment must be posted on the System Administration's webpage dedicated to the carrying of concealed handguns. Interested individuals must be given a reasonable time and opportunity to comment on the request. Employees, as defined in this policy, and students enrolled at an institution of higher education that lease property in the building must be given the opportunity to comment in person before the proposed amendment is submitted to the Chancellor for approval.
4. Any amendment to this policy that has the effect of restricting the lawful carrying of a concealed handgun by a License Holder must be submitted to the Board of Regents within 90 days of the Chancellor's approval, and will not take effect until reviewed by the Board.

Responsible Party: Chancellor

References and Cross-references.

TEX. GOV'T CODE, CHAPTER 411

TEX. PENAL CODE, CHAPTER 30

TEX. PENAL CODE, CHAPTER 46

TEX. EDUC. CODE, section 51.231

TEX. CODE. CRIM. PROC., article 2.12

TEX. OCC. CODE, section 1702.002(5)

Forms and Tools.

Approved:

Effective:

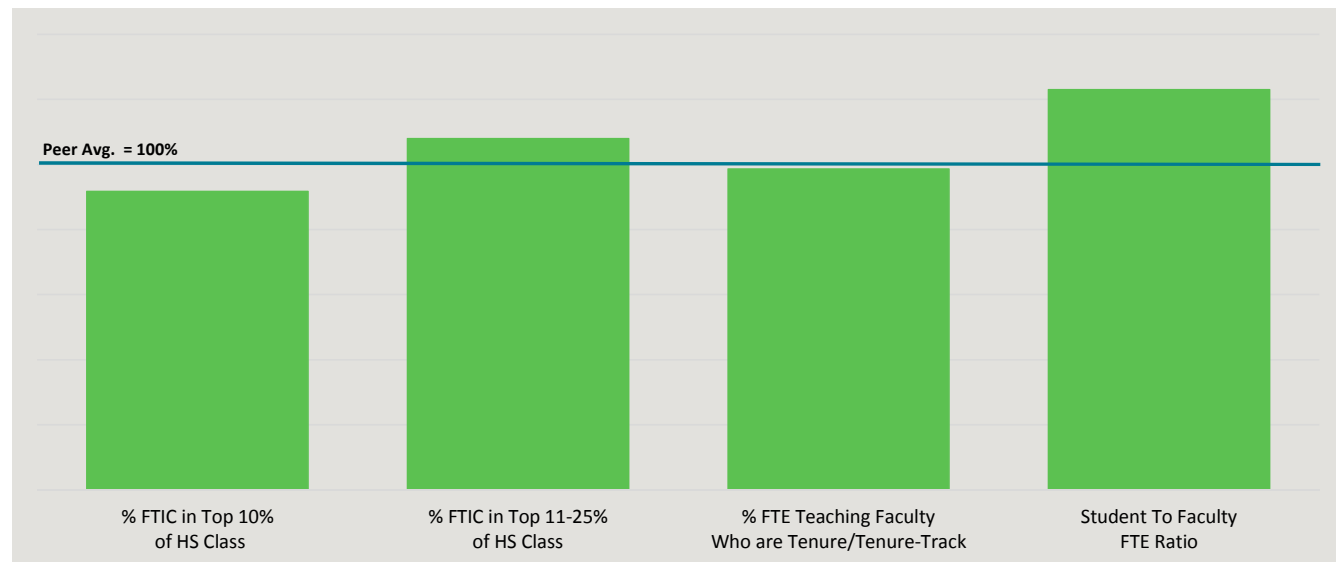
Revised:

Academic Quality Dashboard



■ Positive Change ■ Negative Change

	% FTIC in Top 10% of HS Class	% FTIC in Top 11-25% of HS Class	% FTE Teaching Faculty Who are Tenure/Tenure-Track	Student To Faculty FTE Ratio
Current Year Fall 2015 - % of Peer Avg.	91.7%	107.9%	98.6%	123.0%
UNT % Change in 1 Year	↑7.1%	↑0.6%	↓11.3%	↑0.2%
UNT % Change in 5 Years (or maximum # yrs available, if <5 yrs)	↑2.8%	↑1.2%	↓13.8%	↑0.3%



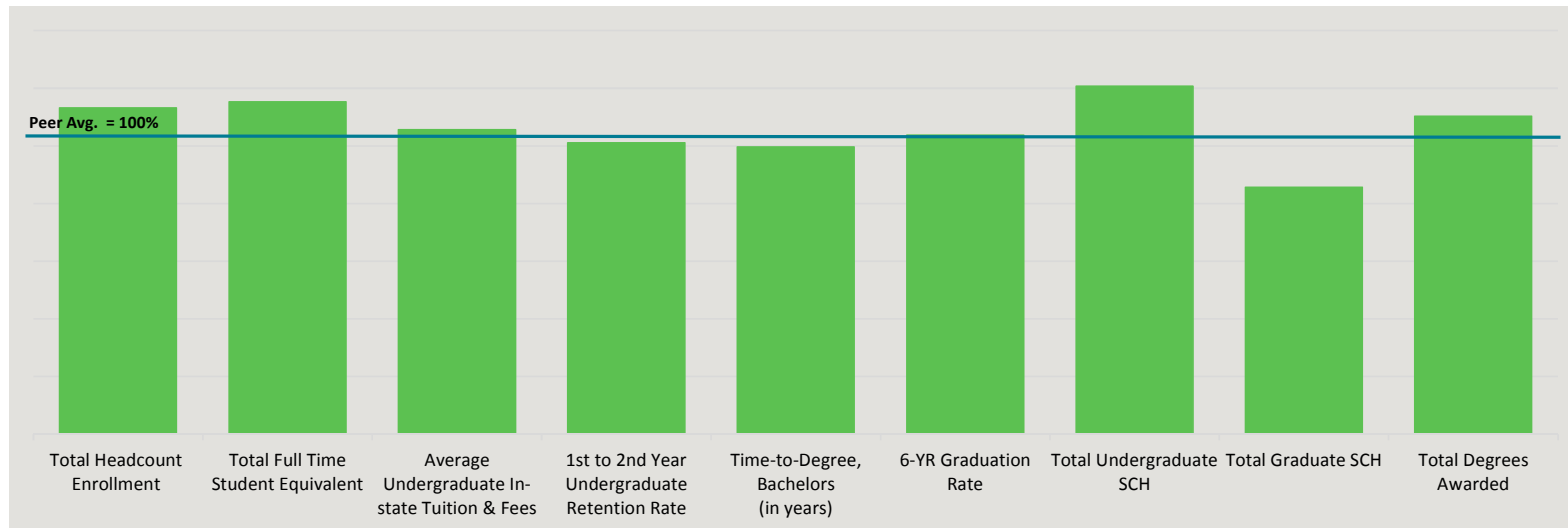
Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.

Student Access & Success Dashboard



■ Positive Change ■ Negative Change

	Total Headcount Enrollment	Total Full Time Student Equivalent	Average Undergraduate In-state Tuition & Fees	1st to 2nd Year Undergraduate Retention Rate	Time-to-Degree, Bachelors (in years)	6-YR Graduation Rate	Total Undergraduate SCH	Total Graduate SCH	Total Degrees Awarded
Current Year Data Available - % of Peer Avg.	113.2%	115.3%	105.6%	101.1%	99.7%	103.7%	120.6%	85.7%	110.3%
UNT % Change in 1 Year	↑ 2.8%	↑ 3.9%	↑ 6.8%	↑ 1.4%	↓ 1.9%	↑ 1.4%	↑ 3.8%	↑ 5.1%	↑ 0.7%
UNT % Change in 5 Years (or maximum # yrs available, if <5 yrs)	↑ 3.1%	↑ 7.4%	↑ 31.4%	↑ 0.5%	↓ 5.6%	↑ 6.2%	↑ 10.0%	↓ 8.5%	↑ 2.3%

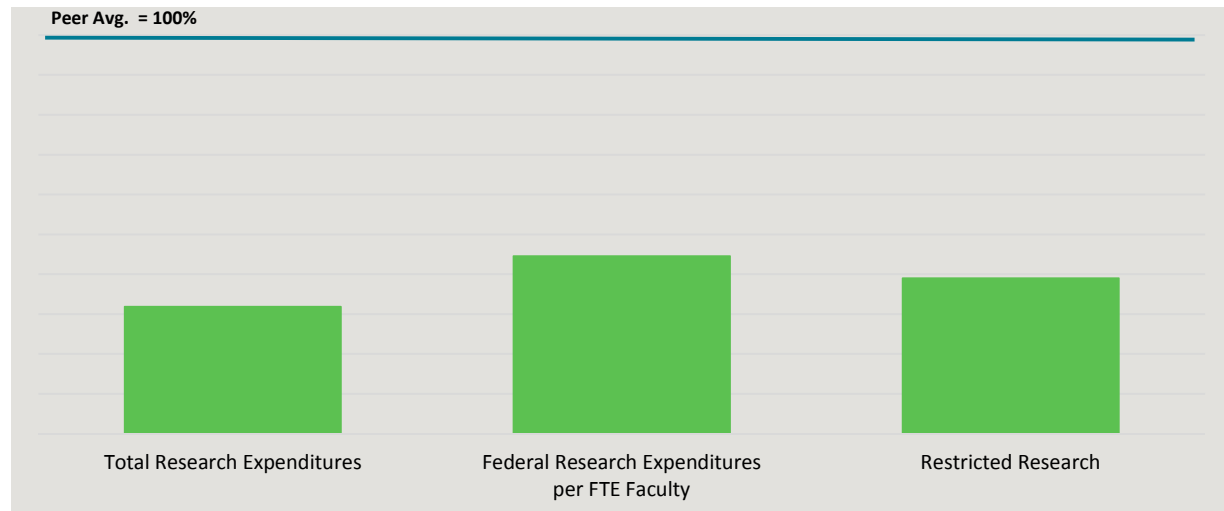


Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.

Research Dashboard

■ Positive Change ■ Negative Change

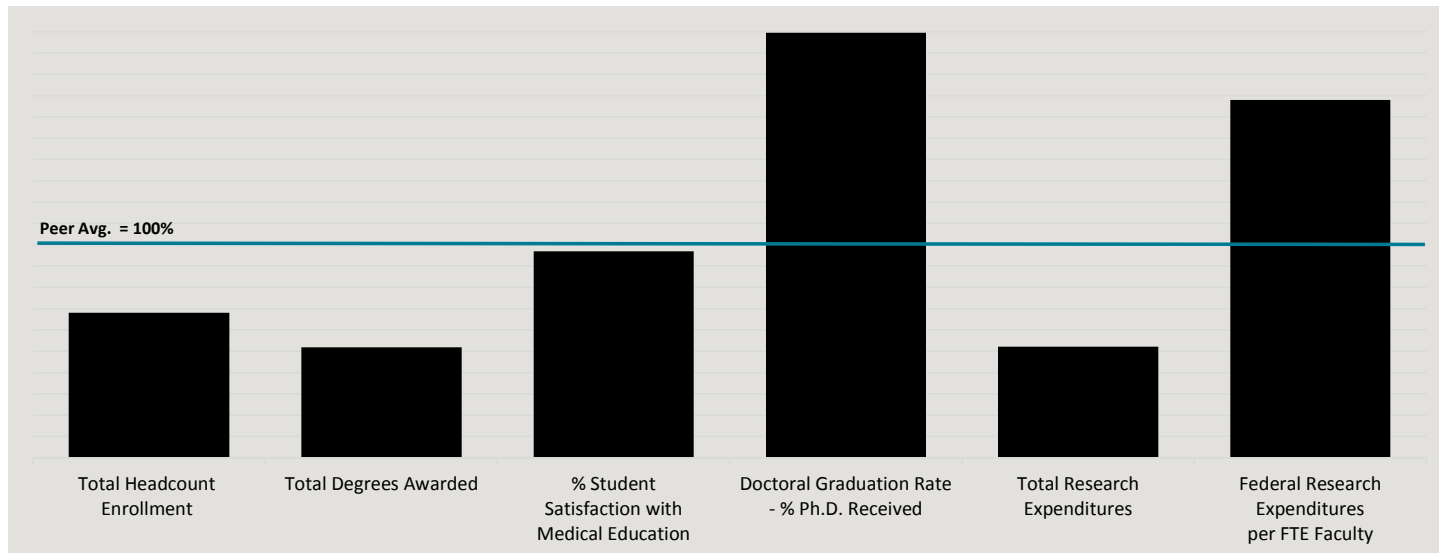
	Total Research Expenditures	Federal Research Expenditures per FTE Faculty	Restricted Research
Current Year Fall 2015 - % of Peer Avg.	31.8%	44.5%	39.0%
UNT % Change in 1 Year	↓0.7%	↑1.2%	↓8.1%
UNT % Change in 5 Years (or maximum # yrs available, if <5 yrs)	↑18.1%	↑63.1%	↑21.1%



Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.

Student Access & Success and Research Dashboard

	Total Headcount Enrollment	Total Degrees Awarded	% Student Satisfaction with Medical Education	Doctoral Graduation Rate - % Ph.D. Received	Total Research Expenditures	Federal Research Expenditures per FTE Faculty
Current Year Data Available - % of Peer Avg.	68.2%	52.0%	97.0%	199.5%	52.2%	168.0%
UNTHSC % Change in 1 Year	↑ 6.1%	↓ 0.5%	↑ 6.2%	↑ 50.7%	↑ 0.1%	↓ 13.5%
UNTHSC % Change in 5 Years (or maximum # yrs available, if <5 yrs)	50.7%	↑ 70.0%	↑ 4.9%	↑ 18.1%	↓ 1.6%	↓ 42.9%

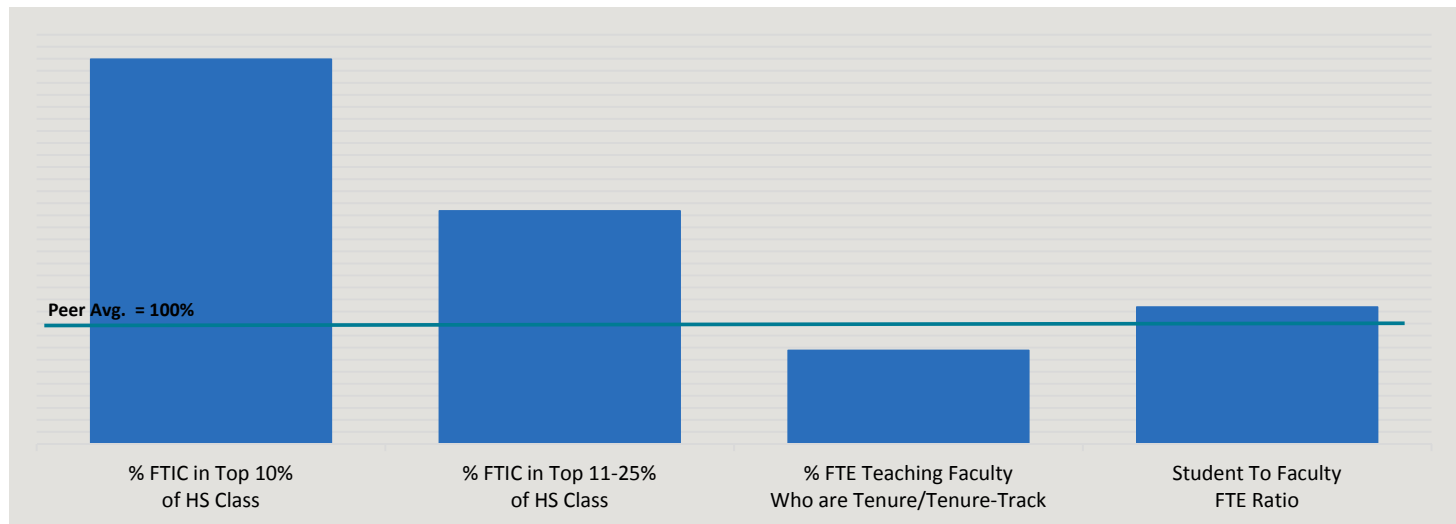


Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.

Academic Quality Dashboard

■ Positive Change ■ Negative Change

	% FTIC in Top 10% of HS Class	% FTIC in Top 11-25% of HS Class	% FTE Teaching Faculty Who are Tenure/Tenure-Track	Student To Faculty FTE Ratio
Current Year Fall 2015 - % of Peer Avg.	319.5%	193.5%	77.7%	113.6%
UNTD % Change in 1 Year	↑71.7%	↓8.3%	↓19.8%	↑11.1%
UNTD % Change in 5 Years (or maximum # yrs available, if <5 yrs)	↓6.1%	↓7.6%	↓20.1%	↑33.3%



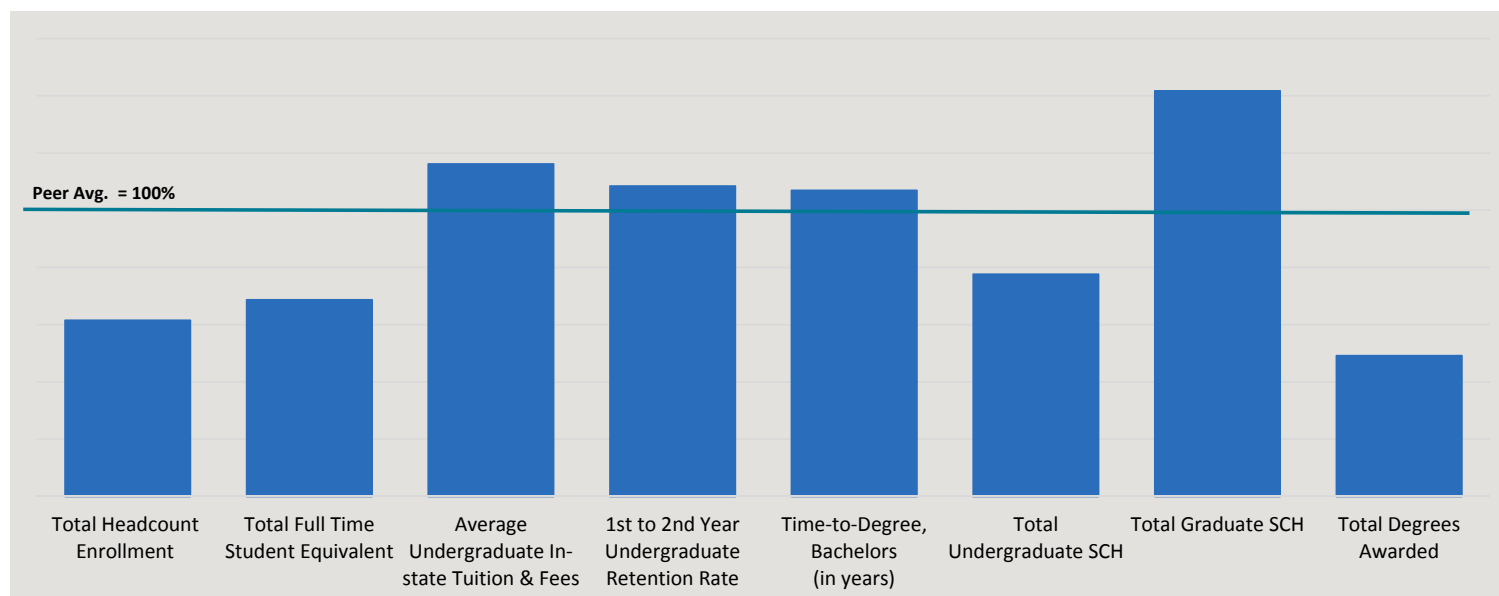
Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.

Student Access & Success Dashboard



■ Positive Change ■ Negative Change

	Total Headcount Enrollment	Total Full Time Student Equivalent	Average Undergraduate In-state Tuition & Fees	1st to 2nd Year Undergraduate Retention Rate	Time-to-Degree, Bachelors (in years)	Total Undergraduate SCH	Total Graduate SCH	Total Degrees Awarded
Current Year Data Available - % of Peer Avg.	61.5%	68.7%	116.2%	108.4%	106.9%	77.6%	141.7%	49.2%
UNTD % Change in 1 Year	↓3.4%	↑27.5%	↑2.7%	↑29.6%	0%	↑7.9%	↑209.4%	0%
UNTD % Change in 5 Years (or maximum # yrs available, if <5 yrs)	↑19.4%	↑74.7%	↑21.9%	↑20.1%	-	↑50.7%	↑261.9%	-



Data used is the most recent data available from the THECB Accountability Report as of July 27, 2016.



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MINUTES

BOARD OF REGENTS Audit Committee May 19, 2016

The Audit Committee of the Board of Regents of the University of North Texas System convened on Thursday, May 19, 2016, in Room 712, UNT System Building, 1901 Main St, Dallas, Texas with the following members in attendance: Regents Glen Whitley, Laura Wright, and Al Silva, with Al Silva serving as a temporary member of the Committee.

There being a quorum present, the meeting was called to order by Committee Chairman Whitley at 3:46 p.m. The minutes of the February 25-26, 2016, Audit Committee meeting was approved on a 3-0 vote following a motion by Regent Wright and seconded by Regent Silva.

UNT System Chief Audit Executive Tracy Grunig delivered the **Quarterly Report of Audit Activities**.

Chair Whitley noted that the Committee had received one background report:

- **UNT System Consolidated Quarterly Compliance Report, December 2015 through February 2016**

There being no further business, the Committee meeting adjourned at 4:36 p.m.

Submitted By:

Rosemary R. Haggett

Rosemary R. Haggett
Board Secretary

Date: *June 7, 2016*



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MINUTES

BOARD OF REGENTS Audit Committee July 6, 2016

The Audit Committee of the Board of Regents of the University of North Texas System convened on Wednesday, July 6, 2016, in Room 109/111, MET Building, of the University of North Texas Health Science Center, 1000 Montgomery St., Fort Worth, Texas, with the following committee members in attendance: Regents Don Potts, Rusty Reid, Glen Whitley, and Laura Wright. Regent Christopher Lee was also present for the meeting.

There being a quorum present, the meeting was called to order by Committee Chairman, Regent Glen Whitley, at 2:40 p.m.

Ben Kohnle, Partner at Grant Thornton, briefed the Committee on **Fiscal Year 2015 Financial Statement Audit Results**.

The next briefing was given by Tracy Gruning, UNT System Chief Audit Executive, who discussed **Enterprise Audit Report Inventory**. Ms. Gruning also briefed the Committee on a **Proposed Methodology for Tracking Responses to External Agency Audit Recommendation**. Finally, Ms. Gruning presented the **Draft Fiscal Year 2017 Annual Audit Plan**.

There being no further business, Regent Potts made a motion for adjournment, which Regent Reid seconded. The motion was approved and the Audit Committee meeting adjourned at 3:56 p.m.

Submitted By:

Rosemary R. Haggett
Rosemary R. Haggett
Board Secretary

Date: July 12, 2016

Quarterly Report of Audit Activities

Presented by: Tracy C. Grunig, Chief Audit Executive

Date: August 18, 2016

Activities reflected within are as of July 29, 2016

Summary Statement

The following information presents highlights of UNTS Internal Audit Activity for the 4th Quarter of Fiscal Year 2016.

Highlights of Internal Audit Activity-4th Quarter

- Issued 5 Audit Reports
- Issued 3 Investigation Reports
- Performed Fiscal Year 2017 Audit Risk Assessment and Developed Fiscal Year 2017 UNTS Internal Audit Plan
- Performed Fiscal Year 2017 General IT and Fraud Risk Assessments
- Collaborated with System staff to strengthen financial controls over the Pay-to-Account Refund (PTA) and data classification processes
- Demonstrated TeamMate Analytics to Business Shared Services Leadership
- Validated UNT merchant security as part of the Payment Card Industry (PCI) Assessment team

Audit Reports Issued

- 16-005 UNT Student-Managed Investment Fund Audit
- 16-021 UNT Student Service Fee Audit
- 16-405 UNT Student Money Management Center Audit
- 16-406 UNT College of Information Dean's Transitional Audit
- 16-024 UNTD Student Fees Audit
- 1540 UNT Observatory Property Sale Investigation Case Report
- 16-214 UNT Trio Timekeeping and Grants Investigation Case Report
- 16-220 UNTD Finance Budget Investigation Case Report

Quarterly Summary of Follow-Up

As of May 18, 2016 Audit Committee Meeting

	Starting Open (Past Due and Not Yet Due) Recommendations	New Recommendations	Total Closed Recommendations	Total Open Recommendations	Open Recommendations- Not Yet Due	Open Recommendations- Past Due
UNTS	13	0	(5)	8	4	4
UNT	0	34	(5)	29	29	0
UNTHSC	26	0	(20)	6	2	4
UNTD	0	36	(2)	34	34	0
Total	39	70	(32)	77 ¹	69	8 ²

Management concurred with each audit recommendation

¹ 77 total open recommendations ties to the “Summary of UNTS Enterprise Audit Inventory” in Fiscal Year 2016 open recommendations in the *UNTS Enterprise Audit Report Inventory* presentation excluding Other External Agencies (87 – 10 = 77)

² Follow-up detail only includes information on the eight “Open Recommendations-Past Due” items

UNT System Administration Past Due Recommendations

Audit Information	Finding and Recommendation(s)	Management Response(s)	Status
<p>Auditor: Internal</p> <p>Reporting Agency: UNT System Internal Audit</p> <p>Risk Category: Finance</p> <p>Risk Level: High</p> <p>Report Name: Adjusting Journal Entry Investigation</p> <p>Report Number: 14-023</p> <p>Component Institution: UNT</p> <p>Department: Finance</p> <p>Brief Description of Audit: An investigation was performed as a result of complaints received from the Texas State Auditor’s Office (“SAO”) and UNT Compliance hotline in September 2012. The complaints were similar and expressed concerns related to journal entry #0000213745. The adjusting journal entry was recorded to UNT’s general ledger on August 1, 2012, and the associated reversing entries were recorded for the UNT fiscal years ended August 31, 2012 and August 31, 2013. Internal Audit co-sourced with Deloitte and Touche LLP (“Deloitte”) to investigate the allegations.</p>	<p>The Net Position in the FY2012 and FY2013 Financial Statements could be Overstated by as much \$23 Million. – The former UNT Associate Vice President for Finance and Controller and the former Director of Financial Reporting and Operations were aware of the unreconciled differences and potentially uncollectible receivables prior to the issuance of the FY2012 and FY2013 UNT and UNTS financial statements. They directed and recorded this adjustment rather than valuating the validity of these differences as to whether they were true assets of the UNTS.</p> <p>Recommendations for the Acting UNT Vice President for Finance and Administration:</p> <p>1a. Develop and document a UNT Allowance for Doubtful Accounts Policy, based on historical receivable information, to establish guidelines for accurately estimating uncollectible amounts.</p>	<p>UNT/UNTS concur and will review the current UNT Allowance for Doubtful Accounts Policy in comparison to historical receivable collectability to ensure the Policy and related process results in an accurate estimate. Any required revisions to the current Policy will be completed before August 31, 2014. UNT/UNTS will periodically evaluate all receivables in light of this Policy to determine receivable collectivity and appropriate asset value.</p> <p>UNT/UNTS will also ensure all necessary action is taken relative to the referenced UNT adjusting journal entry and will recalculate the Allowance for Doubtful Accounts estimate presented in the FY 2013 UNT and UNTS consolidated financial statements to ensure the net accounts receivable balance was presented accurately. Any necessary adjustments to prior period UNT and UNTS consolidated financial statements will be completed by August 31, 2014.</p> <p>Party responsible for implementation: Dan Stephens, Assistant Vice-Chancellor Finance/Controller</p> <p>Expected Implementation Date: August 31, 2014 Revised Implementation Date: August 31, 2016</p>	<p>23 months past due</p> <p>This is considered implemented for Audit Finding related to student accounts receivable (AR) allowance.</p> <p>However, the System Regulation related to AR is currently being drafted.</p>

UNT System Administration Past Due Recommendations

Audit Information	Finding and Recommendation(s)	Management Response(s)	Status
<p>Auditor: Internal</p> <p>Reporting Agency: UNT System Internal Audit</p> <p>Risk Category: Finance</p> <p>Risk Level: Low</p> <p>Report Name: Advancement Office Follow-Up Review</p> <p>Report Number: 09-011</p> <p>Component Institution: UNT System</p> <p>Department: UNTHSC Advancement Office</p> <p>Brief Description of Audit: Internal Audit performed a follow-up review of the actions taken to implement recommendations made in Audit Report 07-012, Advancement Office Review.</p>	<p>The written agreement between the Center and the UNTHSC Foundation has not been revised or reaffirmed since September 1994.</p> <p>3a. Review and update the agreement between the Center and the Foundation including a “right to audit clause.” Refer to Legal Counsel and the AGB-CASE model agreement for guidance.</p> <p>3b. Distribute or make available the reaffirmed agreement to stakeholders including Center administrators, Advancement Office employees, and the Foundation Board of Directors.</p>	<p>Management agrees. In process. The Vice President for Development will raise this topic at the April 2009 Foundation Board meeting and complete by the June meeting. The updated agreement will be distributed upon approval of appropriate Center and Foundation administrators.</p> <p>Party Responsible for Implementation: Doug White, Vice President of Institutional Advancement</p> <p>Expected Implementation Date: November 30, 2012 Revised Implementation Date: December 31, 2016</p> <p>Party Responsible for Implementation: Doug White, Vice President of Institutional Advancement</p> <p>Expected Implementation Date: November 30, 2012 Revised Implementation Date: December 31, 2016</p>	<p>44 months past due</p> <p>UNTHSC is currently working with the Office of General Counsel (OGC) to revise the agreement. OGC has changes that needs to be added to the agreement, it needs to then be re-circulated internally and then sent to HSC Foundation Board for approval as well as the System Board for approval.</p>

UNT System Administration Past Due Recommendations

Audit Information	Finding and Recommendation(s)	Management Response(s)	Status
<p>Auditor: Internal</p> <p>Reporting Agency: UNT System Internal Audit</p> <p>Risk Category: Government and Regulatory Compliance</p> <p>Risk Level: Low</p> <p>Report Name: Joint Admission Medical Program Audit</p> <p>Report Number: 16-011 HSC</p> <p>Component Institution: UNTHSC</p> <p>Department: Office of Admissions & Outreach for Texas College of Osteopathic Medicine</p> <p>Brief Description of Audit: The Joint Admission Medical Program (JAMP) is a special program created by the Texas Legislature to support and encourage highly qualified, economically disadvantaged students pursuing a medical education. The JAMP agreement with institutions requires an internal or independent auditor’s opinion on the appropriateness of the expenditures for the Program.</p>	<p>Untimely Replenishment of Petty Cash - An amount of \$20.47 spent from the JAMP Petty Cash Fund was not replenished in order to be reflected on the Accounting System and the Expenditure Report.</p> <p>Office of Finance should consider the following management action.</p> <p>11a. Modify HSC Petty Cash Fund Procedures to enforce the requirement for custodians to replenish the petty cash on a monthly basis, at a minimum, and communicate the updated procedures to all appropriate personnel.</p>	<p>We concur.</p> <p>Party Responsible for Implementation: Paula J. Welch, Associate Controller</p> <p>Expected Implementation Date: January 31, 2016</p> <p>Revised Implementation Date: July 31, 2016</p>	<p>6 months past due</p> <p>To allow time to manage administrative requirements needed to formalize the policy and communicate the procedures across the campus.</p>

UNT Health Science Center Past Due Recommendations

Audit Information	Finding and Recommendation(s)	Management Response(s)	Status
<p>Auditor: Internal</p> <p>Reporting Agency: UNT System Internal Audit</p> <p>Risk Category: Government and Regulatory Compliance</p> <p>Risk Level: High</p> <p>Report Name: Family Medicine Residency Program</p> <p>Report Number: 16-010 HSC</p> <p>Component Institution: UNTHSC</p> <p>Department: Graduate Medical Education – Texas College of Osteopathic Medicine</p> <p>Brief Description of Audit: The Family Medicine Residency Program (FMRP) agreement with institutions requires an internal or independent auditor’s statement on the appropriateness of the expenditures for the FMRP. The objective of this audit is to provide assurance that UNTHSC is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for Funding.</p>	<p>FMRP Annual Financial Report - Internal Audit noted control deficiencies over the preparation of the FMRP Annual Financial Report (AFR). The FMRP AFR is not prepared at a level required to ensure accurate financial reporting.</p> <p>Recommendation for the Senior Vice President of Finance/Chief Financial Officer and FMRP Director:</p> <p>2a. The FMRP Annual Financial Report should be prepared by the Office of Finance in collaboration with the department in an effort to ensure accurate financial reporting.</p>	<p>Several areas/locations (specifically: PCC APC Family Medicine, Eagle Ranch Internal Medicine, PCC APC General Internal Medicine and PCC OMM) noted by the auditors under Revenues A., B. and C. above are unrelated in any way to the Family Residency Program funded under this grant and are not to be included in the financial report.</p> <p>The Associate Dean for Educational Programs will work with the Office of Finance to develop and implement procedures to collect and report on financial activity related to the program in a manner that is in compliance with the Coordinating Board’s financial reporting guidelines.</p> <p>Party Responsible for Implementation: Lisa R. Nash, DO, Associate Dean for Educational Programs/Barbara Holt, UNTHSC Senior Director of Financial Operations/Jessica Chavez, Texas OPTI Administrator</p> <p>Expected Implementation Date: May 31, 2016 Revised Implementation Date: October 31, 2016</p>	<p>2 months past due</p> <p>The department has taken steps to change their procedures and work closely with the Office of Contracts and Grants Management (OCGM) to help ensure that financial activity related to the program is in compliance with the Coordinating Board. Additionally, the OPTI Administrator has been designated to attend the Support and Training for Administrators in Research (STAR) meetings to promote overall UNTHSC compliance with Federal and State Grants. Due to the PeopleSoft 9.2 upgrade the department is working with the OCGM as the accuracy in expenditures are not properly displaying in the EIS systems. Specific written procedures have not been developed by the department.</p>

UNT Health Science Center Past Due Recommendations

Audit Information	Finding and Recommendation(s)	Management Response(s)	Status
<p>Auditor: Internal</p> <p>Reporting Agency: UNT System Internal Audit</p> <p>Risk Category: Government and Regulatory Compliance</p> <p>Risk Level: High</p> <p>Report Name: Family Medicine Residency Program</p> <p>Report Number: 16-010 HSC</p> <p>Component Institution: UNTHSC</p> <p>Department: Graduate Medical Education – Texas College of Osteopathic Medicine</p> <p>Brief Description of Audit: The Family Medicine Residency Program (FMRP) agreement with institutions requires an internal or independent auditor’s statement on the appropriateness of the expenditures for the FMRP. The objective of this audit is to provide assurance that UNTHSC is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for Funding.</p>	<p>Non-Compliance with FMRP Contract Agreement – Time & Effort Reporting - Testing identified that faculty and staff devoting time to the FMRP do not certify that the effort charged was based on actual activity.</p> <p>Recommendation for the FMRP Director:</p> <p>3a. Work with the Office of Grant and Contract Management to help ensure that the grant is in compliance with the Texas Uniform Grant Management Standards for time and effort reporting requirements.</p>	<p>The Associate Dean for Educational Programs will work with the Office of Grant and Contract Management to help ensure that the grant is in compliance with Texas Uniform Grant Management Standards for time and effort reporting requirements.</p> <p>Party Responsible for Implementation: Lisa R. Nash, DO, Associate Dean for Educational Programs/Jessica Chavez, Texas OPTI Administrator</p> <p>Expected Implementation Date: May 31, 2016 Revised Implementation Date: October 31, 2016</p>	<p>2 months past due</p> <p>Due to the PeopleSoft 9.2 Financial upgrade, the Office of Contracts and Grants Management has not been able to generate and email the time and effort reports for Spring 2016.</p>

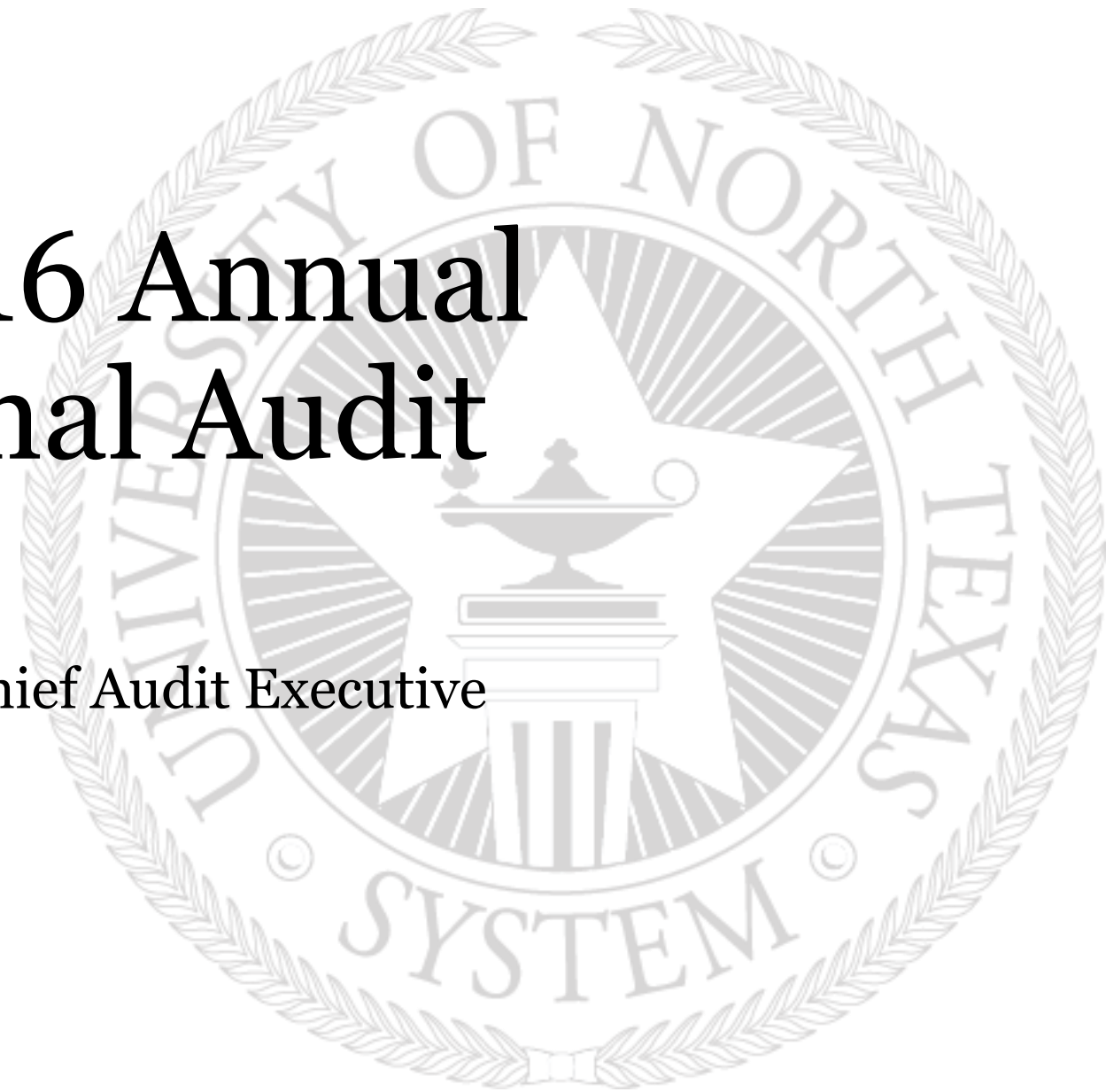
UNT Health Science Center Past Due Recommendations

Audit Information	Finding and Recommendation(s)	Management Response(s)	Status
<p>Auditor: Internal</p> <p>Reporting Agency: UNT System Internal Audit</p> <p>Risk Category: Government and Regulatory Compliance</p> <p>Risk Level: Moderate</p> <p>Report Name: Family Medicine Residency Program</p> <p>Report Number: 16-010 HSC</p> <p>Component Institution: UNTHSC</p> <p>Department: Graduate Medical Education – Texas College of Osteopathic Medicine</p> <p>Brief Description of Audit: The Family Medicine Residency Program (FMRP) agreement with institutions requires an internal or independent auditor’s statement on the appropriateness of the expenditures for the FMRP. The objective of this audit is to provide assurance that UNTHSC is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for Funding.</p>	<p>Non-Compliance with Purchasing Card (P-Card) Guidelines –Testing identified the following:</p> <ul style="list-style-type: none"> The P-Card Expenditure Report which was partially paid from the THECB grant for fiscal year 2015 was not retained at the department level and was unavailable for review. Occasionally, the reconciler and approver is serving a dual role in the P-Card Expenditure review process. <p>Recommendation for the Associate Dean for Educational Programs:</p> <p>4a. Require all current P-Card holders, reconcilers and approvers to be retrained on P-Card policies and procedures.</p> <p>4b. Follow University Business Service Center P-Card Guidelines.</p>	<p>The Associate Dean for Educational Programs will require signature approval by three different individuals for final reconciliation/approval of P-card purchases.</p> <p>Transition to electronic filing of P-card documentation resolves issue on retention of documents.</p> <p>Party Responsible for Implementation: Lisa R. Nash, DO, Associate Dean for Educational Programs/Jessica Chavez, Texas OPTI Administrator</p> <p>Expected Implementation Date: May 31, 2016 Revised Implementation Date: October 31, 2016</p>	<p>2 months past due</p> <p>No purchases have been made with the P-Cards. As such, Internal Audit is unable to validate that the Associate Dean for Educational Programs have required three different individuals for final reconciliation/approval of P-Card purchases.</p>

Fiscal Year 2016 Annual Recap of Internal Audit Activities

Presented by: Tracy C. Grunig, Chief Audit Executive

Date: August 18, 2016



Summary Statement

The following briefing provides a highlight of UNTS Internal Audit Activity for Fiscal Year 2016. This recap includes a summarization of performance metrics for Internal Audit, with customer service being the number one performance metric as identified in the *UNT System Administration Strategic Plan*.

Fiscal Year 2016 Internal Audit In Review

Audit Report Activity

- 22 Audits³ Issued in Fiscal Year 2016, excluding 21 investigations, in which 3 audits (denoted by an *) are scheduled to be issued by August 31, 2016.
 - 16 Audits were part of the FY16 Audit Plan
 - 6 Audits were part of FY15 Audit Plan
- Management concurred with each audit recommendation

³ As you will notice in the *UNTS Enterprise Audit Report Inventory* presentation, 22 audits issued ties to the total audits issued on the “Summary of UNTS Enterprise Audit Inventory” for Fiscal Year 2016 (UNTS 4 + UNT 9 + UNTHSC 6 + UNTD 3 = 22)

Audit Name	Component Institution				Identified Risk
	UNTS	UNT	UNTHSC	UNTD	
(2)-FY 2014 Cancer Prevention and Research Institute of Texas (CPRIT)		X	X		Compliance; Reputational; Financial; Operational; Regulatory
FY 2014 Investments Audit	X				Compliance; Reputational; Financial; Operational
FY 2014 Student-Managed Investment Fund Review		X			Compliance; Reputational; Financial; Operational
FY 2014 UNT Student Money Management Center		X			Misappropriation of Assets, Compliance with Policy
Office of Sustainability Audit		X			Misappropriation of Assets, Operational, Compliance with Policy
(4)-FY 2015 Chancellor's and President's Expenditure Review	X	X	X	X	Compliance; Reputational; Financial; Operational
FY 2015 Investment Compliance Audit	X				Compliance; Reputational; Financial; Operational
FY 2015 Student-Managed Investment Fund Audit		X			Compliance; Reputational; Financial; Operational
Audit of IT Governance - IT Shared Services	X				Information Technology
College of Information Dean's Transitional Audit		X			Compliance with Policy; Operational
Family Medicine Residency Program			X		Compliance; Reputational; Financial; Operational; Regulatory
Joint Admission Medical Program Audit (JAMP)			X		Compliance; Reputational; Financial; Operational; Regulatory
Privacy and Data Protection*	X				Information Technology
Student Cell Phone Access Audit*	X				Information Technology
Student Service Fee Audit		X			Financial, Reputational
UNT Dallas Student Fees Audit				X	Financial, Compliance with Policies, Operational
UNTHSC School of Public Health*			X		Financial
FY 2015 UNT Student Money Management Center Audit		X			Misappropriation of Assets, Compliance with Policy
(21) Investigations- (5 formal reports, 16 case reports)					Misappropriation of Assets, Reputation

Fiscal Year 2016 Internal Audit In Review

Performance Metrics

- 100% of FY16 Plan Completed or Substantially In Process- 30 Audits
 - 16 audits issued (Chancellor's Expenditure Review, UNT President's Expenditure Review, UNTHSC President's Expenditure Review, UNTD President's Expenditure Review, Investment Compliance, Student-Managed Investment Fund, IT Governance, College of Information Dean's Transitional Audit, Family Medicine Residency Program, Joint Admission Medical Program, Privacy and Data Protection, Student Cell Phone Access, Student Service Fee, UNT Dallas Student Fees, UNTHSC School of Public Health, UNT Student Money Management Center)
 - 7 management advisory services issued (PeopleSoft, Hyperion, External Audit Coordination, Financial Transformation, Unrelated Business Income Tax, UNTD Management Control Review-Policies and Procedures, PCI Data Security)
 - 4 in process (Change Management, UNT Selected Grants Audit-National Science Foundation (NSF) Grant, UNT Athletic Business Operations Process, Toulouse Graduate School)
 - 2 cancelled (Affordable Care Act Implementation, Contracts Review)
 - 1 deferred to FY17 (UNT International Travel Process Review)

Fiscal Year 2016 Internal Audit In Review

Performance Metrics (continued)

- 4 Co-Sourced Audits (2 issued, 2 in process); Contract finalized 3.15.16
 - UNT Endowments
 - UNTD Scholarships Process
 - UNT, UNTHSC and UNTD Benefits Proportionality
 - UNT and UNTHSC Cancer Prevention and Research Institution of Texas (CPRIT)

Fiscal Year 2016 Internal Audit In Review

Performance Metrics (continued)

- New Post Audit Survey Initiated
 - Survey sent to 5 process owners for the IT Governance Audit
 - 4 responses returned with all positive feedback

Fiscal Year 2016 Internal Audit In Review

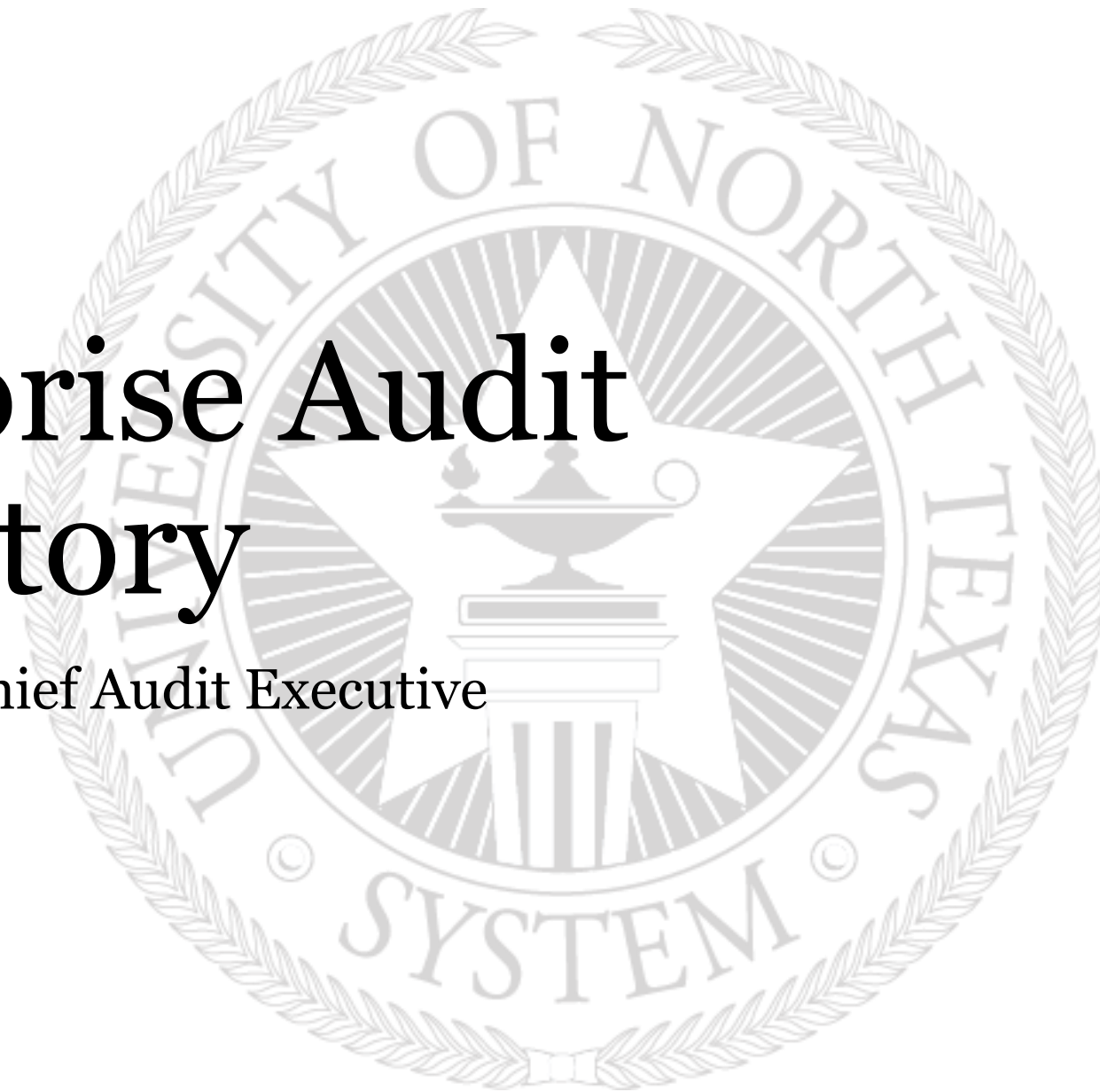
Performance Metrics (continued)

- Held regular Quarterly Meetings with Senior Leadership. 100% of high-impact items identified during meetings triggered audit projects
- Management concurred with 100% of identified risks, and 91% of the due and actionable recommendations were implemented in FY16. To date, of the 89 recommendations that were due and actionable in FY16, 8 of them remain past due
- 94% of Audit Staff hold Professional Certifications (2 additional certifications achieved this year)

UNTS Enterprise Audit Report Inventory

Presented by: Tracy C. Grunig, Chief Audit Executive

Date: August 18, 2016



Summary of UNTS Enterprise Audit Inventory

	Fiscal Year 2016				Fiscal Year 2015				Fiscal Year 2014			
	# of Audits	Recommendations			# of Audits	Recommendations			# of Audits	Recommendations		
		Total	Open	Closed		Total	Open	Closed		Total	Open	Closed
UNTS	4	24	8	16	2	2	0	2	4	16	2 ²	14
UNT	9	45	29	16	3	3	0	3	10	34	1	33
UNTHSC	6	34	6	28	2	2	0	2	8	33	0	33
UNTD	3	38	34	4	1	1	0	1	2	6	0	6
State Auditor's Office	4	9	0	9	3	5	0	5	5	8	0	8
Other External Agencies	9	39	10	29	18	48	6	42	3	32	1	31
Totals	35 ³	189	87 ¹	102	29	61	6	55	32	129	4	125

Management concurred with each audit recommendation

¹ The Fiscal Year 2016 total open recommendations excluding Other External Agencies (87 - 10 = 77) ties to the total open recommendations detailed on the “Quarterly Summary of Follow-Up” schedule in the *Report of Quarterly Audit Activities* presentation

² Open audit recommendations from the 09-011 Advancement Office Follow-Up Review were included in Fiscal Year 2014

³ The total # of Audits issued in Fiscal Year 2016 excluding State Auditor’s Office and Other External Agencies (35 - 4 - 9 = 22) ties to the number of audits issued detailed on the “Fiscal Year 2016 Internal Audit in Review” schedule in the *Fiscal Year 2016 Annual Recap of Internal Audit Activities* presentation

UNTS Enterprise Audit Inventory-Internal Audit

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Based on procedures performed, the SMIF was in compliance with the Donor's Agreement for calendar year 2014. The funds were appropriately accounted for in accordance with guidelines.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Annual Report Completion Date – The annual report was prepared 47 days late.	Moderate	Prepare and present financial results as the annual report. Disseminate the annual report to all required parties within the time frame set forth in Article IX, section B(c) of the SIG By Laws.	The department chair has visited with the incoming President of the SIG regarding the recommendations. He has agreed to share the recommendations with the SIG Board of Directors and will plan to meet the 45 day deadline for the 2017 annual financial report and reports thereafter.	SIG Board of Directors	NA	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Annual Report Completion Date – The annual report was prepared 47 days late.	Moderate	Present additional information, such as remarks from the Board of Directors, symposiums attended, and other activities, in a separate report at a later date.	The department chair has visited with the incoming President of the SIG regarding the recommendations. He has agreed to share the recommendations with the SIG Board of Directors and will plan to meet the 45 day deadline for the 2017 annual financial report and reports thereafter.	SIG Board of Directors	NA	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Voting Summary Form – The number of shares voted to be purchased was missing from two Voting Summary forms.	Low	Ensure that Senior Analysts and Portfolio Managers include the number of shares on the Voting Summary form. Designate one specific location on the Voting Summary form to include the number of shares.	In Spring 2016, the SIG Board of Directors adopted and began using a Recommendation Form and an Equity Order Form. Each form provides a specific location for the number of shares to be sold or purchased.	SIG Board of Directors	NA	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2014 Investments Audit	UNT	Accuracy of Quarterly Investment Report - The book and market value amounts reported in the Total Cash and Investment Amounts section on the UNT Quarterly Investment Report for the period ending May 31, 2014, were not accurate.	Low	Implement a review process of the UNT Quarterly Investment Reports to assure the accuracy of information prior to the issuance of the quarterly report to the Board of Regents and posting of the report on the institution's investment disclosure website.	Concur. It is imperative that information reported by Finance be complete and accurate. Implement a review process of investment reporting prior to issuance to the Board or posting to the public.	James Mauldin, Associate Vice Chancellor for Treasury	11/20/2015	Closed

UNTS Enterprise Audit Inventory-State Auditor's Office

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
External	State Auditor's Office	Fiscal Year 2013	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012	UNT	During the Fall 2011 term, the University of North Texas (University) used full-time budgets to determine COA for all students receiving financial assistance who applied for Title IV assistance prior to the Fall 2011 census date, regardless of each student's actual or anticipated enrollment. In addition, for 1 (2 percent) of 60 students tested, the University incorrectly overawarded the student \$8,776 in Direct Loans associated with award P268K122293 as part of the student's Spring 2012 assistance.	NA	The University should: Develop a process to determine each student's COA and financial need based on the student's expected or actual enrollment.	Management has developed a process to determine each student's COA and financial need based on the student's expected enrollment.	Zelma DeLeon and Lacey Thompson	1/1/2012	Closed
External	State Auditor's Office	Fiscal Year 2013	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012	UNT	During the Fall 2011 term, the University of North Texas (University) used full-time budgets to determine COA for all students receiving financial assistance who applied for Title IV assistance prior to the Fall 2011 census date, regardless of each student's actual or anticipated enrollment. In addition, for 1 (2 percent) of 60 students tested, the University incorrectly overawarded the student \$8,776 in Direct Loans associated with award P268K122293 as part of the student's Spring 2012 assistance.	NA	The University should: Make adjustments to assistance when students attend only one semester to help ensure that it does not award assistance to students who are not eligible to receive that assistance.	Management has addressed the overaward with the employee responsible for making the error for the student in question. The overaward is being corrected.	Zelma DeLeon and Lacey Thompson	12/1/2012	Closed

UNTS Enterprise Audit Inventory-Other External Agencies

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
External	Merki & Associates P.C.	Fiscal Year 2015	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2014 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2014 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Re-class all amounts listed on line 26 (equipment, uniforms and supplies) under Non-Program Specific report appropriately. Per the NCAA there should be no amounts on this line item for the Non-Program Specific report.	None	NA	NA	Closed
External	Merki & Associates P.C.	Fiscal Year 2015	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2014 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2014 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Re-class all amounts listed on Line 25 (Team Travel) under department ID 60800 and 60816 in the Non-program Specific report to Line 35 (Other Operating Expenses).	None	NA	NA	Closed

UNTS Enterprise Audit Report Inventory

The repository represents the detailed audit activity supporting the “UNTS Enterprise Audit Report Inventory” presentation listed on the Schedule of Events for the Board of Regents Meeting on August 18, 2016.

The repository includes audit activity from UNT System Internal Audit, Texas State Auditor’s Office and other external agencies from Fiscal Year 2013 through the current timeframe.

UNTS Enterprise Audit Report Inventory

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2009	Finance	Advancement Office Follow-Up Review	UNTS	The written agreement between the Center and the UNTHSC Foundation has not been revised or reaffirmed since September 1994.	Low	Review and update the agreement between the Center and the Foundation including a "right to audit clause." Refer to Legal Counsel and the AGB-CASE model agreement for guidance.	Management agrees. In process. The Vice President for Development will raise this topic at the April 2009 Foundation Board meeting and complete by the June meeting. The updated agreement will be distributed upon approval of appropriate Center and Foundation Administrators.	Doug White, VP of Institutional Advancement	Original Date 11/30/2012 Revised Date 12/31/16	Open
Internal	UNT System Internal Audit	Fiscal Year 2009	Finance	Advancement Office Follow-Up Review	UNTS	The written agreement between the Center and the UNTHSC Foundation has not been revised or reaffirmed since September 1994.	Low	Distribute or make available the reaffirmed agreement to stakeholders including Center administrators, Advancement Office employees, and the Foundation Board of Directors.	Management agrees. In process. The Vice President for Development will raise this topic at the April 2009 Foundation Board meeting and complete by the June meeting. The updated agreement will be distributed upon approval of appropriate Center and Foundation Administrators.	Doug White, VP of Institutional Advancement	Original Date 11/30/2012 Revised Date 12/31/16	Open
External	EXPERIS	Fiscal Year 2013	Information Technology	UNT Health Science Center (UNT HSC) HSC Change Management Assessment	UNTHSC	<p>1. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in AppendixA, email, etc...), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope(impact), a population of changes could not be evidenced and that Change Management practices were found to be minimal, general innature and less than expected. Change Management procedures do not include the following:</p> <ul style="list-style-type: none"> -Standardized procedures to handle requests (including maintenanceand patches) for changes to applications, procedures, processes,system and service parameters, and the underlying platforms -Structured way to determine the impact on the operational system(and overall infrastructure) and its functionality for each request for change -Process to ensure changes are categorized, prioritized, assigned, andauthorized -Process for pre-implementation and post-implementation testingprotocols/requirements -Process for defining, raising, testing, documenting, assessing andauthorizing emergency changes (outside of the 'normal' changeprocess) -Tracking and reporting systems to document and communicate rejected changes, communicate the status of approved and in-processchanges, and completion of 	High	<p>Recommendations/Activities to Consider for Observations 1 through 4: The following are considered suggests and not mandates for the applications/services that meet the criteria of being both high risk and institutional in scope (impact):</p> <ul style="list-style-type: none"> -Establish a tracking and reporting system (e.g. spreadsheet) to document approved/rejected changes, communicate the status ofrequests (e.g. in-process, in testing, approved, completed). Make certain that approved changes are implemented as planned (ordocument explanations where changes deviate from original plan). 	<p>ITS management agrees with these best practice recommendations and will complete the steps listed below to ensure that all changes to IT systems at UNTHSC are assessed, categorized, comply with TAC guidelines, and as appropriate, follow a formal change process. Formal change processes will be applied to systems or applications that have been classified as high risk (contains or processes private and/or regulated data), and high impact (institutional wide use).</p> <ul style="list-style-type: none"> -Classification and evaluation of high risk/high impact systems andapplications will be conducted and reviewed by ITS management, CIO,and stakeholders annually. -ITS has begun a pilot of Microsoft System Center Service Manager(SCSM), a tool for IT service and change management that will holdsystem and application information, and allow for the tracking andreporting of changes made to those systems and applications identifiedas high risk/high impact. Estimated completion date for pilot is withinthe next 6 months. -Change management procedures will be formalized at the completionof the pilot, and with adoption of SCSM or similar tool. Procedures willinclude approval processes, pre and post testing, and emergencychange protocols, and will be reviewed annually by ITS 	ITS management team - Lynley Dungan, Executive Director of Information Technology Services, Anthony Tissera, Director of Infrastructure and Security, Woody Hagar, Director of Information Services, and Renee Drabier, Vice Provost for Academic Affairs and Development/CIO.	8/31/2014	NA

UNTS Enterprise Audit Report Inventory

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
External	EXPERIS	Fiscal Year 2013	Information Technology	UNT Health Science Center (UNT HSC) Change Management Assessment	UNTHSC	<p>1. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in AppendixA, email, etc...), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope(impact), a population of changes could not be evidenced and that Change Management practices were found to be minimal, general innature and less than expected. Change Management procedures do not include the following:</p> <ul style="list-style-type: none"> -Standardized procedures to handle requests (including maintenanceand patches) for changes to applications, procedures, processes,system and service parameters, and the underlying platforms -Structured way to determine the impact on the operational system(and overall infrastructure) and its functionality for each request for change -Process to ensure changes are categorized, prioritized, assigned, andauthorized -Process for pre-implementation and post-implementation testingprotocols/requirements -Process for defining, raising, testing, documenting, assessing andauthorizing emergency changes (outside of the 'normal' changeprocess) -Tracking and reporting systems to document and communicate rejected changes, communicate the status of approved and in-processchanges, and completion of 	High	<p><u>Recommendations/Activities to Consider for Observations 1 through 4:</u>The following are considered suggests and not mandates for the applications/services that meet the criteria of being both high risk and institutional in scope (impact):</p> <ul style="list-style-type: none"> -Establish formal, standardized, Change Management procedures to administer all change requests for those applications/services that areboth high risk and institutional in scope/impact (e.g. maintenance andpatches, changes to hardware, networks, applications, procedures,processes, system and service parameters, and the underlyingplatforms) 	<p>ITS management agrees with these best practice recommendations and will complete the steps listed below to ensure that all changes to IT systems at UNTHSC are assessed, categorized, comply with TAC guidelines, and as appropriate, follow a formal change process. Formal change processes will be applied to systems or applications that have been classified as high risk (contains or processes private and/or regulated data), and high impact (institutional wide use).</p> <ul style="list-style-type: none"> -Classification and evaluation of high risk/high impact systems andapplications will be conducted and reviewed by ITS management, CIO,and stakeholders annually. -ITS has begun a pilot of Microsoft System Center Service Manager(SCSM), a tool for IT service and change management that will holdsystem and application information, and allow for the tracking andreporting of changes made to those systems and applications identifiedas high risk/high impact. Estimated completion date for pilot is withinthe next 6 months. -Change management procedures will be formalized at the completionof the pilot, and with adoption of SCSM or similar tool. Procedures willinclude approval processes, pre and post testing, and emergencychange protocols, and will be reviewed annually by ITS 	ITS management team - Lynley Dungan, Executive Director of Information Technology Services, Anthony Tissera, Director of Infrastructure and Security, Woody Hagar, Director of Information Services, and Renee Drabier, Vice Provost for Academic Affairs and Development/CIO.	8/31/2014	NA
External	EXPERIS	Fiscal Year 2013	Information Technology	UNT Health Science Center (UNT HSC) Change Management Assessment	UNTHSC	<p>1. Current Change Management Practices - Based on the documentation provided (e.g., documents listed in AppendixA, email, etc...), it was determined that for the ten applications/services that meet the criteria of being both high risk and institutional in scope(impact), a population of changes could not be evidenced and that Change Management practices were found to be minimal, general innature and less than expected. Change Management procedures do not include the following:</p> <ul style="list-style-type: none"> -Standardized procedures to handle requests (including maintenanceand patches) for changes to applications, procedures, processes,system and service parameters, and the underlying platforms -Structured way to determine the impact on the operational system(and overall infrastructure) and its functionality for each request for change -Process to ensure changes are categorized, prioritized, assigned, andauthorized -Process for pre-implementation and post-implementation testingprotocols/requirements -Process for defining, raising, testing, documenting, assessing andauthorizing emergency changes (outside of the 'normal' changeprocess) -Tracking and reporting systems to document and communicate rejected changes, communicate the status of approved and in-processchanges, and completion of 	High	<p><u>Recommendations/Activities to Consider for Observations 1 through 4:</u>The following are considered suggests and not mandates for the applications/services that meet the criteria of being both high risk and institutional in scope (impact):</p> <ul style="list-style-type: none"> -Establish a process for defining, initiating, testing, documenting,assessing and authorizing emergency changes that do not follow theestablished change process 	<p>ITS management agrees with these best practice recommendations and will complete the steps listed below to ensure that all changes to IT systems at UNTHSC are assessed, categorized, comply with TAC guidelines, and as appropriate, follow a formal change process. Formal change processes will be applied to systems or applications that have been classified as high risk (contains or processes private and/or regulated data), and high impact (institutional wide use).</p> <ul style="list-style-type: none"> -Classification and evaluation of high risk/high impact systems andapplications will be conducted and reviewed by ITS management, CIO,and stakeholders annually. -ITS has begun a pilot of Microsoft System Center Service Manager(SCSM), a tool for IT service and change management that will holdsystem and application information, and allow for the tracking andreporting of changes made to those systems and applications identifiedas high risk/high impact. Estimated completion date for pilot is withinthe next 6 months. -Change management procedures will be formalized at the completionof the pilot, and with adoption of SCSM or similar tool. Procedures willinclude approval processes, pre and post testing, and emergencychange protocols, and will be reviewed annually by ITS 	ITS management team - Lynley Dungan, Executive Director of Information Technology Services, Anthony Tissera, Director of Infrastructure and Security, Woody Hagar, Director of Information Services, and Renee Drabier, Vice Provost for Academic Affairs and Development/CIO.	8/31/2014	NA

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External	State Auditor's Office	Fiscal Year 2013	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012	UNT	During the Fall 2011 term, the University of North Texas (University) used full-time budgets to determine COA for all students receiving financial assistance who applied for Title IV assistance prior to the Fall 2011 census date, regardless of each student's actual or anticipated enrollment. In addition, for 1 (2 percent) of 60 students tested, the University incorrectly overawarded the student \$8,776 in Direct Loans associated with award P268K122293 as part of the student's Spring 2012 assistance.	NA	The University should: Develop a process to determine each student's COA and financial need based on the student's expected or actual enrollment.	Management has developed a process to determine each student's COA and financial need based on the student's expected enrollment.	Zelma DeLeon and Lacey Thompson	1/1/2012	Closed
External	State Auditor's Office	Fiscal Year 2013	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012	UNT	During the Fall 2011 term, the University of North Texas (University) used full-time budgets to determine COA for all students receiving financial assistance who applied for Title IV assistance prior to the Fall 2011 census date, regardless of each student's actual or anticipated enrollment. In addition, for 1 (2 percent) of 60 students tested, the University incorrectly overawarded the student \$8,776 in Direct Loans associated with award P268K122293 as part of the student's Spring 2012 assistance.	NA	The University should: Make adjustments to assistance when students attend only one semester to help ensure that it does not award assistance to students who are not eligible to receive that assistance.	Management has addressed the overaward with the employee responsible for making the error for the student in question. The overaward is being corrected.	Zelma DeLeon and Lacey Thompson	12/1/2012	Closed

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External	State Auditor's Office	Fiscal Year 2013	Finance	State of Texas Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012	UNT	One (1 percent) of 70 direct cost transactions tested at the University of North Texas (University) was unallowable. For 1 (1 percent) of 70 direct cost transactions tested, the University incorrectly calculated the amount of the federal expenditure.	NA	The University should establish and implement procedures to ensure that it does not charge unallowable or incorrect costs to federal awards.	The UNT Business Service Center (BSC) agrees. The BSC has corrected the travel reimbursement and the payroll underpayment. The BSC has established business practices to address the recommendation, which include: Management Response and Corrective Action Plan: - Provided additional training to Travel staff regarding unallowable expenses on federal funds. - Will participate in ongoing collaboration with the UNT Office of Research Services to enhance the audit process of travel expenditures to avoid unallowable charges to federal funds. - ERP (PeopleSoft) system now calculates partial months using an annualized hourly rate of pay (2,080 hours). The manual calculation is no longer necessary.	Susan Sims and Connie Ross	2/1/2013	Closed
External	State Auditor's Office	Fiscal Year 2013	Finance	State of Texas Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012	UNT	The University of North Texas (University) did not ensure that vendors associated with 4 (40 percent) of 10 procurements tested that exceeded \$25,000 were not suspended or debarred.	NA	The University should document its vendor suspension and debarment verifications for all procurements of at least \$25,000.	The UNT System Business Service Center (BSC) agrees. The BSC has established business practices to address the recommendation, which include: Management Response and Corrective Action Plan: - Added a clause/condition to the UNT System Purchase Order Terms and Conditions on 10/26/12. - Provided additional training to Purchasing staff on EPLS Search and documentation requirements on 1/16/13. - Created a procedure to ensure all procurements of at least \$25,000 are documented appropriately and are audited by management daily on 1/22/13.	Carolyn Cross	2/1/2013	Closed
External	State Auditor's Office	Fiscal Year 2013	Finance	State of Texas Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for the Fiscal Year Ended August 31, 2012	UNT	The University of North Texas (University) did not send the required notification of Recovery Act information at the time of disbursement of funds to its one Recovery Act subrecipient.	NA	The University should establish and implement procedures to help ensure that it makes required notifications when it disburses Recovery Act funds to subrecipients.	The UNT Office of Research Services agrees. The subrecipient vendor record in PeopleSoft has been enhanced so that check stubs of future payments, if any, will include the following: Management Response and Corrective Action Plan: - Federal award number. -CFDA number. -Amount of ARRA recovery funds.	Britt Krhovjak	2/1/2013	Closed
External	State Auditor's Office	Fiscal Year 2013	Finance	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2012	UNT	NA	NA	None	NA	NA	NA	NA

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
External	State Auditor's Office	Fiscal Year 2013	Finance	Statewide Single Audit Report for the Year Ended August 31, 2012	UNT	On its SEFA, the University of North Texas (UNT): - Incorrectly reported expenditures for four CFDA's in the Student Financial Assistance Cluster of federal programs using award year instead of fiscal year. As a result, UNT (1) incorrectly included \$6,257,520 and (2) incorrectly excluded \$278,738 in expenditures on its SEFA. UNT also incorrectly included \$6,255,520 of those expenditures in the notes to its SEFA and understated federal revenue by \$276,738 in the notes to its SEFA. - Could not provide adequate support for excluding \$361,374 in expenditures from its SEFA. UNT asserted that it excluded those expenditures because it had a vendor relationship with other state entities; however, UNT could not provide support for that assertion.	NA	UNT should: -Strengthen its review process to help ensure that it prepares its SEFA correctly and that the SEFA it submits to the Comptroller's Office is complete and accurate.	We concur with the auditor's findings and recommendations. Financial aid reporting procedures will be modified to ensure compliance with GASB 33 and the State Comptroller's reporting requirements for SEFA. Pass-thru confirmation processes will be modified to ensure the collection and retention of documentary evidence supporting our reporting assertions	Associate Vice President for Finance and Controller	8/31/2013	Closed
External	State Auditor's Office	Fiscal Year 2013	Finance	Statewide Single Audit Report for the Year Ended August 31, 2012	UNT	On its SEFA, the University of North Texas (UNT): - Incorrectly reported expenditures for four CFDA's in the Student Financial Assistance Cluster of federal programs using award year instead of fiscal year. As a result, UNT (1) incorrectly included \$6,257,520 and (2) incorrectly excluded \$278,738 in expenditures on its SEFA. UNT also incorrectly included \$6,255,520 of those expenditures in the notes to its SEFA and understated federal revenue by \$276,738 in the notes to its SEFA. - Could not provide adequate support for excluding \$361,374 in expenditures from its SEFA. UNT asserted that it excluded those expenditures because it had a vendor relationship with other state entities; however, UNT could not provide support for that assertion.	NA	UNT should: -Confirm all pass-throughs and vendor relationships with other state entities and maintain documentation of those pass-throughs and vendor relationships.	We concur with the auditor's findings and recommendations. Financial aid reporting procedures will be modified to ensure compliance with GASB 33 and the State Comptroller's reporting requirements for SEFA. Pass-thru confirmation processes will be modified to ensure the collection and retention of documentary evidence supporting our reporting assertions	Associate Vice President for Finance and Controller	8/31/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Salary Adjustments Review	UNT	Equity Adjustments - Documentation did not consistently, sufficiently, and clearly demonstrate how the equity adjustments were determined.	High	Maintain documentation that demonstrates the process was followed and validates how the determination was made for the compensation decision/salary adjustment.	Human Resources has developed a written standard operating procedure on this process and provided that to Internal Audit. Additionally, Human Resources now creates a written report for each equity adjustment request that outlines the data reviewed, the findings and the recommendation. This is in addition to the information Human Resources has always provided on the Equity Adjustment Request Form. The recommendation to add the term equity adjustment to the Salary Administration Procedures, Policy 1.6.2 will be moved forward by Human Resources to administration.	Marci Bailey, Human Resources Director, Denton Campus	19-Mar-13	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Salary Adjustments Review	UNT	Equity Adjustments - Documentation did not consistently, sufficiently, and clearly demonstrate how the equity adjustments were determined.	High	Document internal procedures for reviewing equity adjustments.	Human Resources has developed a written standard operating procedure on this process and provided that to Internal Audit. Additionally, Human Resources now creates a written report for each equity adjustment request that outlines the data reviewed, the findings and the recommendation. This is in addition to the information Human Resources has always provided on the Equity Adjustment Request Form. The recommendation to add the term equity adjustment to the Salary Administration Procedures, Policy 1.6.2 will be moved forward by Human Resources to administration.	Marci Bailey, Human Resources Director, Denton Campus	19-Mar-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Salary Adjustments Review	UNT	Equity Adjustments - Documentation did not consistently, sufficiently, and clearly demonstrate how the equity adjustments were determined.	High	Include the definition of equity adjustment in administrative procedures for policy 1.6.2	Human Resources has developed a written standard operating procedure on this process and provided that to Internal Audit. Additionally, Human Resources now creates a written report for each equity adjustment request that outlines the data reviewed, the findings and the recommendation. This is in addition to the information Human Resources has always provided on the Equity Adjustment Request Form. The recommendation to add the term equity adjustment to the Salary Administration Procedures, Policy 1.6.2 will be moved forward by Human Resources to administration.	Marci Bailey, Human Resources Director, Denton Campus	January 2013.	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Salary Adjustments Review	UNT	Position Reclasses – The Annual Position Classification Review Recommendation report did not consistently and clearly document the analysis related to how all of the position reclasses were determined.	Moderate	Maintain documentation that demonstrates the process was followed and validates how the determination was made for the compensation decision/salary adjustment.	Human Resources has discussed with Internal Audit the expectations of what they consider appropriate documentation and asked for suggestions or a recommended model and is awaiting that feedback. During the next reclassification review process, Human Resources will tweak documentation procedures to incorporate recommendations from this audit. Human Resources will ensure that any position that needs addressed after the formal 'call' for requests, has a completed position information questionnaire. The 28 data entry errors have been corrected in EIS.	Marci Bailey, Human Resources Director, Denton Campus	19-Mar-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Stadium Construction Review	UNT system	No Detail Review Of Invoice Support Documentation – UNT System Facilities performs only a high-level review of the monthly invoice (progress billing) including supporting documentation received from the primary contractor.	Moderate	Conduct periodic, sample based reviews of invoice support documentation to ensure the accuracy of the detail information and calculations pertaining to the category totals including labor charges.	UNT System Facilities will revise and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.	Don Lynch, Director of System Facilities Administration	31-Dec-12	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Stadium Construction Review	UNT system	No Detail Review Of Invoice Support Documentation – UNT System Facilities performs only a high-level review of the monthly invoice (progress billing) including supporting documentation received from the primary contractor.	Moderate	Ensure primary contractors provide adequate labor expense support documentation for future construction projects.	UNT System Facilities will revise and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.	Don Lynch, Director of System Facilities Administration	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Stadium Construction Review	UNT system	No Detail Review Of Invoice Support Documentation – UNT System Facilities performs only a high-level review of the monthly invoice (progress billing) including supporting documentation received from the primary contractor.	Moderate	Consider utilizing the services of a third party company that specializes in reviewing contractor construction documentation.	UNT System Facilities will revise and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.	Don Lynch, Director of System Facilities Administration	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Stadium Construction Review	UNT system	Incorrect Retainage Amount – The primary contractor did not apply the retainage percentage to contractor fees as required by the contract terms	Moderate	Review Application and Certificate for Payment forms and supporting documentation to verify that dollar amounts, including retainage, are accurate and in compliance with contract terms.	UNT System Facilities agrees with the report finding. UNT System Facilities will revise and implement payment application review procedures. For large projects, UNT System Facilities may utilize an independent Construction Auditing firm to review the multiple payment applications. For smaller projects, Departmental resources may be utilized. A project size threshold to determine large and small projects will be established in the procedures.	Don Lynch, Director of System Facilities Administration	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Annual Investments/Commercial Paper	UNT system	Non-Compliance with Yield Percentages of Investment Policy	Moderate	Reviewing the Investment yields and re-balancing the investments to comply with UNT System Investment Policy 04.100, Objective 6; and	Investment yields have been and continue to be at historically low levels. We do not anticipate that this condition will persist in the long term. However, please note that UNT System policy 8.20, which was adopted in August 2012, supersedes 10.007 for UNTD, 4.100 for UNT System and successfully resolves the finding noted above. As such, at this point, we feel that no further management action is required.	Allen Clemson, Vice Chancellor for Administration and Chief of Staff	Aug-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Annual Investments/Commercial Paper	UNT system	Non-Compliance with Yield Percentages of Investment Policy	Moderate	Reviewing the Investment yields and re-balancing the investments to comply with UNT Dallas Investment Policy 10.007, Objective 6.	Investment yields have been and continue to be at historically low levels. We do not anticipate that this condition will persist in the long term. However, please note that UNT System policy 8.20, which was adopted in August 2012, supersedes 10.007 for UNTD, 4.100 for UNT System and successfully resolves the finding noted above. As such, at this point, we feel that no further management action is required.	Carlos Hernandez, Vice President for Finance and Administration/CFO – UNT Dallas	Aug-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	Of the 17 cardholders reviewed, 15 (88%) were not in full compliance with purchasing card policies.	High	Require all personnel in the GSBS be retrained on purchasing card policies and procedures.	Management agrees. The Dean's office will ensure that all Purchasing Card holders in GSBS complete a refresher training course of the Purchasing Card requirements.	Aleta Wheeler, Senior Executive Assistant	30-Nov-12	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	Of the 17 cardholders reviewed, 15 (88%) were not in full compliance with purchasing card policies.	High	Follow procurement card program policies and procedures.	GSBS Dean's office does not authorize P-Cards and authorization and training is handled by BSC. Based on our correspondence with BSC, we were told that training and refresher training are required and offered by the BSC. It should be noted that beginning in 2009, refresher training was required every other year. However, with the creation of the BSC and subsequent move, that has not been tracked. The BSC goal is to start with 2013 and have every participant take refresher training annually.	Aleta Wheeler, Senior Executive Assistant	30-Nov-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	ProjID charges for equipment usage by the Department of Molecular Biology & Immunology had inconsistent rates, duplicate charges and lacked documentation.	Moderate	Work with the Office of Grant and Contract Management, and Office of Financial Planning and Budget to establish a service center	Management agrees. The Acting Chair will work with the Lab Director and Office of Grant and Contract Management, and Office of Financial Planning and Budget to establish a service center.	Johnny He, Acting Chair	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	Of the 102 travel vouchers reviewed, 53 were not in full compliance with travel policy.	Moderate	Request reimbursement of overpayments from traveler unless you determine it is not cost effective to do so.	Management Agrees. Management requested reimbursement of overpayments from traveler on October 5, 2012.	Thomas Yorio, Provost and Executive Vice President For Academic Affairs	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	Of the 102 travel vouchers reviewed, 53 were not in full compliance with travel policy.	Moderate	Establish a travel monitoring process to ensure that travel is properly approved, and that vouchers are submitted with supporting documentation.	Management Agrees. All administrative staff that prepare travel documents should complete a refresher course (from the BSC) within the next 6 months. Additionally, each department chair should discuss travel policies and procedures with their faculty	Anuja Ghorpade, Chair; Steve Mifflin, Chair; Art Eisenberg, Chair; Meharvan Singh, Chair; Johnny He, Chair; and Jamboor Vishwanatha, Dean.	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	Of the 102 travel vouchers reviewed, 53 were not in full compliance with travel policy.	Moderate	Provide training to faculty and staff on travel policies.	Management Agrees. All administrative staff that prepare travel documents should complete a refresher course (from the BSC) within the next 6 months. Additionally, each department chair should discuss travel policies and procedures with their faculty	Anuja Ghorpade, Chair; Steve Mifflin, Chair; Art Eisenberg, Chair; Meharvan Singh, Chair; Johnny He, Chair; and Jamboor Vishwanatha, Dean.	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	Personal reimbursements to deptID holders did not have supervisor approval.	Low	Establish a process to ensure that personal reimbursements to the deptID/projID holders are properly approved.	Management Agrees. Each Chair and Dean's Office will work with their administrative staff to ensure that step by step procedures are followed.	Anuja Ghorpade, Chair; Steve Mifflin, Chair; Art Eisenberg, Chair; Meharvan Singh, Chair; Johnny He, Chair; and Jamboor Vishwanatha, Dean.	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	Cash handling is not properly segregated or safeguarded in the Department of Forensic & Investigative Genetics, and cash receipts are not all deposited within one day as required by policy.	Low	Develop and implement cash handling procedures that ensure cash is protected and deposited in a timely manner.	Management agrees. The Chair will work with staff to develop and implement cash handling procedures that ensure cash is protected and deposited in a timely manner.	Art Eisenberg, Chair	1-Oct-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	Three projIDs were overspent and deficits were not cleared within the 90 day close out period.	Low	Require all PIs to submit a default deptID (i.e. the Pls F&A deptID) at the time a projID is established that will be used if the grant is overspent.	Management agrees. OGCM is working with management to implement a process which utilizes the applicable F&A recovery deptID as the default funding source for all projID's.	LeAnn Forsberg, Executive Director, Office of Grant and Contract Management	21-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Graduate School of Biomedical Sciences Review	UNTHSC	UNTHSC travel policy regarding partial day meal rates is unclear.	Low	Develop in coordination with the Office of Financial Planning and Budget a clear partial day meal policy for UNTHSC.	Management Agrees. The Business Service Center will submit recommendations to the BSC Operations Committee for standardizing travel policy and procedure across the UNT System. The issue identified above will be addressed.	Susan Sims, BSC Director of Payments	31-Jan-13	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Cost Transfer Process Review	UNTHSC	Cost Transfers – Of the 28 transfers reviewed, 12 transfers had no explanation for why the correction was made over 90 days after the original charges.	Low	Develop a cost transfer form that collects all required information including reason for transfers occurring 90 days after the original charge.	Office of Grant and Contract Management (OGCM) agrees with the suggestion to develop a cost transfer form. However, we have reviewed federal regulations which state, “cost transfers should be accomplished within... 90 days from discovery of the error.” Our current policy statement of 90 days from transaction date is not in line with federal regulations and will be updated to reflect the language of the federal compliance documents. The cost transfer form will be in line with our modified policy and current federal regulations.	LeAnn Forsberg, Executive Director of the Office of Grant And Contract Management and Mazen Barakat, Manager, Grant and Contract Accounting	31-May-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Cost Transfer Process Review	UNTHSC	Cost Transfers – Of the 28 transfers reviewed, 12 transfers had no explanation for why the correction was made over 90 days after the original charges.	Low	Require all principal investigators to complete the cost transfer form prior to making the transfer.	We have developed a cost transfer form and will post on the OGCM website for use by faculty and staff.	LeAnn Forsberg, Executive Director of the Office of Grant And Contract Management and Mazen Barakat, Manager, Grant and Contract Accounting	31-May-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	NCAA APR Reporting Review	UNT	Based on the review, Internal Audit found the methods used by the Athletics Compliance Office and the NCAA Certifying Official in the Registrar's Office to be effective.	NA	None	None	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Compliance Program Review	UNTHSC	Audit work completed by the former Director for Research Compliance was not available.	Moderate	Retain research compliance documentation in accordance with the UNTHSC Records Retention Schedule. Documentation should include, but not limited to: documentation of work performed, findings noted, and solutions implemented.	Management agrees. The Office for Research Compliance will maintain complete	Brian Gladue, Ph.D., Executive Director for Research Compliance	25-Jan-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Compliance Program Review	UNTHSC	The Institutional Compliance Office is not made aware of all compliance issues in research.	Moderate	Modify the reporting structure in the Office of Research to ensure that all compliance issues are reported to the Institutional Compliance Office.	Management agrees. Dr. Brian Gladue has joined the UNTHSC Compliance Council to ensure that research compliance matters and updates are communicated regularly to William LeMaistre and other members of the university compliance team.	Brian Gladue, Ph.D., Executive Director for Research Compliance	25-Jan-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Academic Programs Review	UNT	Based on results of the procedures performed, all new degree programs established during fiscal year 2011 and 2012 appeared to be in compliance with THECB requirements and University policy.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Texas College of Osteopathic Medicine Dean Expenses Review	UNTHSC	Only one individual is managing cash payments to individuals participating in training exercises for TCOM students.	Moderate	Develop and implement procedures that ensure cash handling is properly segregated.	Management agrees. TCOM will add a second individual to the distribution process separating the responsibilities of verification of eligibility from distribution	D. Thomas Dayberry, Associate Dean for Academic Affairs	1-Oct-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Texas College of Osteopathic Medicine Dean Expenses Review	UNTHSC	Of 12 personal reimbursements to the Dean, 11 were not in full compliance with purchasing policy related to documentation requirements.	Moderate	Ensure personal reimbursements for meals include a list of attendees by name and designation as well as the business purpose.	Management agrees. TCOM will assure full compliance with policy.	Don Peska, Dean of TCOM	1-Oct-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Texas College of Osteopathic Medicine Dean Expenses Review	UNTHSC	Of 31 travel vouchers for the Dean, 23 did not have prior approval of travel or support for mileage reimbursements.	Low	Submit Requests for Approval of Travel prior to travel as required by policy.	Management agrees. TCOM will assure full compliance with policy.	Don Peska, Dean of TCOM	1-Oct-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Texas College of Osteopathic Medicine Dean Expenses Review	UNTHSC	Of 31 travel vouchers for the Dean, 23 did not have prior approval of travel or support for mileage reimbursements.	Low	Submit mileage documentation with travel vouchers as required by policy.	Management agrees. TCOM will assure full compliance with policy.	Don Peska, Dean of TCOM	1-Oct-12	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Intra-System/Interagency Review	UNT	Documentation related to the Intra System Agreements between UNT and UNT Dallas does not meet best practice standards:	Moderate	Document amendments to Agreements with signature authorizations; and	Document all FY agreements before the beginning of the fiscal year. Agreements will include signature authorization.	Jean Bush, Senior Associate Vice President for Finance UNT Carlos Hernandez, CFO and Vice President for Finance and Administration UNT Dallas	31-Aug-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Intra-System/Interagency Review	UNT	Documentation related to the Intra System Agreements between UNT and UNT Dallas does not meet best practice standards:	Moderate	Discuss and document future Agreements before the beginning of the fiscal year.	Document all FY agreements before the beginning of the fiscal year. Agreements will include signature authorization.	Jean Bush, Senior Associate Vice President for Finance UNT Carlos Hernandez, CFO and Vice President for Finance and Administration UNT Dallas	31-Aug-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Mean Green Club Review	UNT	Non-Compliance with UNT Policy 7.2 – The procedure for accepting and processing Mean Green Club donations is not in compliance with UNT policy 7.2, Fundraising and Private Support.	Moderate	Coordinate with the Office of Development to be in compliance with UNT policy 7.2, Fundraising and Private Support.	Four years ago the Athletic Department met with Advancement to develop a system to handle Mean Green Club (MGC) Donations. The crux of the problem is two-fold. First most MGC members send in their ticket renewals and MGC renewals in the same envelope utilizing the same credit card or check. The current process was agreed upon to alleviate ticket orders from being sent to the foundation where there was no method of processing. Secondly, a large majority of our MGC members renew in August. With the need to immediately process MGC credit so that parking passes and tickets can be distributed, we cannot afford the lag time of those orders first going to advancement. This process was streamlined almost four years ago with the agreement of both parties. My remedy would be to modify the policy and I would agree with that recommendation. Management will meet with University Advancement to create a policy revision to be submitted for adoption.	Dan Johnston, Athletic Advancement, Director of Advancement, Mike Ashbaugh, Senior Associate Athletics Director for Business Operations, and Troy Taylor, Assistant Athletic Director Business Operations.	September, 2013.	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Mean Green Club Review	UNT	Inappropriately Retaining Credit Card Information – The Mean Green Club is inappropriately retaining credit card information.	Moderate	Dispose of credit card information in a secure manner when there is no longer an immediate need for the information.	As discussed with the Audit staff, all but the last four digits of the credit card number submitted on Mean Green Club renewal forms will be redacted so as to protect the information. Currently stored data will be corrected beginning immediately.	Troy Taylor, Assistant Athletic Director, Business Operations and Jessica Hulsebosch, Mean Green Club Director.	July 30, 2013.	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Endowment Review	UNT	Non-Compliance with Memorandum of Understanding (MOU) Requirements of The Lupe Murchison Foundation Scholarship Endowment – A report, containing academic year ending information about the fund, was not prepared and distributed to the Donor.	Low	Develop a process to ensure annual reports are prepared and distributed to the donor. In addition, monitor the process for effectiveness to ensure compliance with MOU requirements.	The Division of Advancement will generate endowment reports for all organizations in their annual reporting process.	Rachel Kimball, Assistant Director of Donor Relations under the management of Kim Wendt, Senior Director of Annual Giving and Donor Relations	(March 15, 2013	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Endowment Review	UNT	Non-Compliance with Memorandum of Understanding (MOU) Requirements of The J.C. Penney Lectureship in Merchandising Endowment – Faculty development expenditures for FY 2011 exceeded the MOU provision that up to fifty percent (50%) of the annual distribution may be used to support faculty development.	Low	Develop a process to ensure Faculty development expenditures do not exceed fifty percent (50%) of the annual distribution. In addition, monitor the process for effectiveness to ensure compliance with MOU requirements.	CMHT has opened a new disbursement deptID 77851 so it will be easier to monitor spending. The percent of expense for faculty development is documented on a spreadsheet and maintained for this deptID.	Judith Forney, Ph.D., Dean of CMHT	31-Dec-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	UNT Dallas Work-Study Student Mentorship Contract	UNT Dallas	Three student workers were paid under the Work-Study Student Mentorship Program without meeting the eligibility requirements. Specifically, two students did not meet the enrollment requirement and one student did not meet the financial need requirement.	Moderate	Discuss with the Office of Research Services how to proceed with the sponsor regarding the funds already disbursed to ineligible students.	PI will discuss with the Office of Research Services how to proceed with the sponsor regarding funds disbursed to ineligible students follow sponsor's instructions.	Gloria B. Bahamon, Assistant Provost for College Readiness	28-Feb-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	UNT Dallas Work-Study Student Mentorship Contract	UNT Dallas	Three student workers were paid under the Work-Study Student Mentorship Program without meeting the eligibility requirements. Specifically, two students did not meet the enrollment requirement and one student did not meet the financial need requirement.	Moderate	Develop a consistent process for verifying student eligibility each semester.	Although there is a process in place to determine eligibility before mentors are hired, there is a need to improve the process and modify guidelines. Eligibility will be verified in EIS every semester after the 12th day of class (census day). Mentors will be required to inform the PI of changes in their academic status that may affect their eligibility to continue in the program. They will be required to report the change as soon as it occurs. Mentors will sign an acknowledgment to document that they received the guidelines and agree to follow those guidelines. The financial aid office will continue to determine financial need. The financial aid administrator verifying eligibility will take screen shots of the students need to document their financial aid eligibility.	Gloria B. Bahamon, Assistant Provost for College Readiness	28-Feb-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Animal Care Review	UNT	Animal care and use training is not sufficiently documented or monitored.	Moderate	Develop a System for monitoring and documenting the type of animal care and use training personnel have received.	ORED and the IACUC Chair will implement requirements for completion of online training for all personnel involved in an animal care and use protocol before the protocol can be approved by the IACUC. This training will be offered through the Collaborative Institutional Training Initiative (CITI) program administered by the University of Miami School of Medicine. Completion of both a CITI basic IACUC course and a species-specific course (as available) will be required.	Dr. Kenneth Sewell, Associate Vice President for Research	By the end of the fall 2012 semester	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Animal Care Review	UNT	The key pad entry code to the Science Research Building's Animal Care Facility is not changed periodically, or when personnel change.	Moderate	Develop a process and procedure for changing the entry codes into the Animal Care Facility of the Science Research Building.	The Office of Research & Economic Development will work with the Facility Manager for UNT's primary animal facility in the Science Research Building to implement a procedure under which the security code for the facility will be changed at least every three months.	Dr. Kenneth Sewell, Associate Vice President for Research	By the end of the fall 2012 semester	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Employment Waiver Review	UNT	Incorrectly Reporting Employment Waivers – Student Accounting and University Cashiering Services is incorrectly reporting the number of Employment Waivers awarded.	Moderate	Modify the process for Employment Waivers to ensure waivers are properly coded.	Management has modified the business process to ensure Employment Waivers are properly classified and accurately reported in IFRS reporting.	Kayle Godinez, Sr. Director Student Accounting and University Cashiering Services	12/1/2012	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Employment Waiver Review	UNT	Incorrectly Reporting Employment Waivers – Student Accounting and University Cashiering Services is incorrectly reporting the number of Employment Waivers awarded.	Moderate	Modify the process for IFRS reporting to ensure Employment Waivers are reported in the correct category, either TEC 54.211 or TEC 54.212.	Management has modified the business process to ensure Employment Waivers are properly classified and accurately reported in IFRS reporting.	Kayle Godinez, Sr. Director Student Accounting and University Cashiering Services	12/1/2012	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Employment Waiver Review	UNT	Insufficient Review and Approval – There is not sufficient, independent review and approval of Employment Waivers prior to processing.	Moderate	SAUCS, the Graduate School, and the Provost’s Office should coordinate to identify a process for independent review/approval of Employment Waivers; and	Change wording of the Section 2.2.10 of the UNT Policy Manual to reflect the Employment Waiver must be signed by dean of the graduate school or “her or his designee.”	Mark Wardell, Dean, The Toulouse Graduate School	1-Aug-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Employment Waiver Review	UNT	Insufficient Review and Approval – There is not sufficient, independent review and approval of Employment Waivers prior to processing.	Moderate	The designated independent reviewer/approver should ensure that Employment Waivers are awarded in accordance with eligibility requirements.	Change Employment Waiver form to include three questions to help programs determine eligibility. Change Employment Waiver form to include graduate dean’s signature.	Mark Wardell, Dean, The Toulouse Graduate School	1-Aug-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Employment Waiver Review	UNT	Insufficient Review and Approval – There is not sufficient, independent review and approval of Employment Waivers prior to processing.	Moderate	Either comply with UNT Policy 2.2.10 by requiring approval by the dean of the graduate school or revise the policy to reflect the actual process for awarding Employment Waivers.	Change processing procedure to require graduate dean’s signature prior to final approval by Student Accounting	Mark Wardell, Dean, The Toulouse Graduate School	1-Aug-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Student Worker Review	UNT	There is no process in place to reasonably assure that individuals in positions that require enrollment are actually enrolled.	Low	The UNT Career Center, Provost’s Office, and UNT Human Resources should coordinate to establish a process to reasonably assure that students in positions that require enrollment are actually enrolled.	Both the Career Center and Provost’s Office will perform audits of student employment records in conjunction with the supplemental pay period following the first student payroll in the fall and spring semesters (specifically October 15 and March 1) to insure that those receiving paychecks are enrolled students. b. Work with EIS Team to develop an automated report that cross-checks when a student withdraws from UNT or drops all their classes with the student payroll records. Also, the ePAR system will check student status of an employee when hired into student job codes. If the person is not a student, the department is provided a warning. These two items should help prevent this in the future	Shaun Stoehr, Student Employment Coordinator Melinda Lilly, Assistant Director for Academic Resources	9/1/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Student Worker Review	UNT	Internal Audit identified five UNT policies related to student employment that require enrollment; however, not all policies contain the same enrollment requirements.	Low	The UNT Career Center, Provost’s Office, and UNT Human Resources should evaluate and modify UNT policies related to student employment so enrollment requirements are as consistent as possible.	Write a new overarching policy for student employment positions, as well as, develop operational procedures for the various job codes connected to the new overarching policy.	Yolanda Niemann, Senior Vice Provost Dan Naegeli, Executive Director, Career & Leadership Development Valerie (Robertson) Hodges, Assistant Director, Finance & Administration Marci Bailey, Director, UNT Human Resources	1-Sep-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Student Worker Review	UNT	Internal Audit identified five UNT policies related to student employment that require enrollment; however, not all policies contain the same enrollment requirements.	Low	The UNT Career Center, Provost’s Office, and UNT Human Resources should develop supplemental procedures to assist University departments in determining the correct job code.	Write a new overarching policy for student employment positions, as well as, develop operational procedures for the various job codes connected to the new overarching policy.	Yolanda Niemann, Senior Vice Provost Dan Naegeli, Executive Director, Career & Leadership Development Valerie (Robertson) Hodges, Assistant Director, Finance & Administration Marci Bailey, Director, UNT Human Resources	1-Sep-13	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Student Worker Review	UNT	The Controller's Office does not notify an employee's supervisor and Vice President of indebtedness to the University as required by UNT Policy 2.2.26, Employee Indebtedness Owed to the University. Additionally, Student Accounting and Cashiering Services (SACS) is not sending a report detailing employee indebtedness to the Controller's Office, as required by UNT Policy 2.2.26.	Low	The Controller's Office should continue their process of evaluating and revising UNT Policy 2.2.26 to ensure compliance with UNT Policy 18.1.9 FERPA.	Suggested Management Action 4: We believe that the current policy as submitted complies with FERPA requirements. Once adopted, we will review the policy periodically (not less than every 5 years) for amendment as needed.	Carlos Hernandez, Ed D, CPA, Associate VP for Finance and Controller	1-Nov-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Student Worker Review	UNT	The Controller's Office does not notify an employee's supervisor and Vice President of indebtedness to the University as required by UNT Policy 2.2.26, Employee Indebtedness Owed to the University. Additionally, Student Accounting and Cashiering Services (SACS) is not sending a report detailing employee indebtedness to the Controller's Office, as required by UNT Policy 2.2.26.	Low	SACS should produce an employee debt report that identifies all employees that owe money to the university. Subsequently, the Controller's Office should notify employees' supervisors and Vice Presidents of indebtedness to the University as required by policy.	A process has been adopted that allows identification of "career" employees with a past-due balance in student accounting records. It is important to note that student accounting records do not represent a complete record of all possible indebtedness (i.e. does not include parking fines). We will continue to collaborate with University departments as appropriate to facilitate collection of past due balances from employees and students alike.	Terri Miller, Assistant Director of SACS	Jun-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	UNT Dallas Student Service Fees Review	UNT Dallas	Noncompliance With Texas Education Code 54.5031 – UNT Dallas Administrators failed to establish a Student Service Fee Advisory Committee (SSFAC) as required by Texas Education Code 54.5031. Having no policy to govern and procedures to guide management of student service fees contributed to the noncompliance.	Moderate	Because the committee is now established, UNT Dallas administrators should develop a process to insure the SSFAC remains a formal, working committee and that input from the committee is obtained, regarding the establishment or changes to the type, amount, and expenditure of student service fees as provided by the Texas Education Code. The process should consist of establishing a University policy that is aligned with requirements of Texas Education Code 54.5031 and include operational procedures to govern activities of the SSFAC.	The Director of Student Life has reviewed TEC 54.5031 and Student Service Fee Advisory Committee (SSFAC) standards, which describes membership (elected & appointed), SSFAC charge, terms of service, operating procedures, and process by which the SSFAC effectively reviews, discusses, and renders its recommendation to the University Leadership. In an effort to clarify why the majority of implementation dates are prior to the date of the audit report, it's important to note that this audit occurred April 2012 through May 24, 2013, and a number of corrective steps had already occurred well before the audit report was available.	Dr. Jared Cobb, Director of Student Life	Feb-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	UNT Dallas Student Service Fees Review	UNT Dallas	Noncompliance With Texas Education Code 54.5031 – The UNT Dallas student body or the student government was not made aware of \$319,955.38 in student service fees that were transferred from UNT and recorded in UNT Dallas reserve account 301011.	Moderate	Obtain SSFAC recommendations regarding the allocation, disbursement and expenditure of the \$319,955.38 held in reserve account 301011.	Student Service Fee Advisory Committee (SSFAC) was informed of the additional funding from UNT Dallas reserve account 301011 and asked to consider various renovations which would enhance Student Life at UNT Dallas. After several discussions, forums, etc. SSFAC recommend five (5) projects to the President's office for approval. Cost of projects totaled \$191,000.00. Additional projects will be identified and voted on once the first slate of projects has been completed. This will allow us to properly evaluate the best use of the remaining \$128,955.38 and to provide additional funding in the event unforeseen expenses arise during implementation of the approved improvements.	Dr. Jared Cobb, Director of Student Life	Jan-14	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	UNT Dallas Student Service Fees Review	UNT Dallas	Training - Training provided did not adequately prepare the Student Service Fee Advisory Committee (SSFAC) members to perform the duties as outlined in Texas Education Code 54.5031.	Moderate	Provide SSFAC members the training opportunities needed for service on the Student Service Fee Advisory Committee and for performing the duties outlined in Texas Education Code 54.5031.	The Student Service Fee Advisory Committee (SSFAC) will go through training prior to the review, discussion, and recommendation in the use of any Student Service Fee monies. Training will be conducted by University liaison to the SSFAC and/or Associate Provost of Student Success.	Dr. Jared Cobb, Director of Student Life	Feb-13	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	UNT Dallas Student Service Fees Review	UNT Dallas	Conflict of Interest - The advisor to the Student Service Fee Advisory Committee has a conflict of interest in that the advisor's salary is subject to the committee's annual allocation and approval process.	Moderate	The advisor to the Student Service Fee Advisory Committee should consider the following management actions: o Resign as advisor to the committee; o Fund the advisor's salary through a source other than student Service fees; or o Reassign the advisor role to another employee whose salary is not dependent on the committee's annual allocation and approval decision.	University will assign a liaison to the Student Service Fee Advisory Committee (SSFAC) whose salary is not an item by which the committee would vote upon in its annual allocation and approval process. Liaison moving forward will be Director of Student Life and/or other designee by the Associate Provost of Student Success who meets the stipulations outlined above.	Dr. Charlotte Tullos, Associate Provost of Student Success	October 2012.	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	UNT Dallas Student Service Fees Review	UNT Dallas	Conflict of Interest - The chief student affairs administrator served in positions that present a potential conflict of interest between the UNT Dallas Administration and the Student Service Fee Advisory Committee.	Moderate	The chief student affairs administrator should consider the following management actions: o Resign as a voting member of the committee. o Reassign the membership position to another employee or student. o Recuse oneself from participating in committee activities. o Abstain from voting on conflicting interests.	The University will appoint the Director of Student Life and/or other designee by the Associate Provost of Student Success to serve as liaison to the Student Service Fee Advisory Committee (SSFAC). Designee to committee will act in a liaison capacity and not be eligible to be a voting member of the SSFAC.	Dr. Charlotte Tullos, Associate Provost of Student Success	October 2012.	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Gift Review	UNT Dallas	Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.	Moderate	Coordinate with the individual responsible for research at UNT Dallas, the UNT Dallas CFO/Vice President Finance and Administration, and the ORS (UNT Office of Research Service), to clearly document Advancement's role in managing and monitoring grants.	University Advancement disagrees that gifts and grants are being mismanaged and monitored. We believe that we have an effective system in place for gift management. With respect to grant management, University Advancement's responsibility is to monitor and track grants to ensure donor intent is followed. University Advancement believes it is within its purview to manage private grants. Publicly funded grants should be managed by the Office of Research Services (ORS).	Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services	February 1, 2013.	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Gift Review	UNT Dallas	Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.	Moderate	Coordinate with the UNT Dallas CFO and the ORS to update the intra-system cooperation agreement between UNT Dallas and ORS for services to support grant management. The updates should state the role of Advancement personnel in the grant management process.	University Advancement commits to contact ORS and work through the roles and definitions of gifts and grants, as well as work with ORS and the UNT Dallas CFO regarding the contract modification to reflect the agreed upon roles and definitions.	Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services	9-Jan-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Gift Review	UNT Dallas	Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.	Moderate	Review the current report of all gifts and grants for UNT Dallas with ORS staff and determine which should be managed by ORS as defined by the ORS policy, and make appropriate changes where necessary.	University Advancement commits to review current gifts and grants based on agreed-upon definitions and to delineate management/tracking roles after the meeting with ORS has concluded to ensure proper monitoring and management are in place.	Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services	9-Jan-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Gift Review	UNT Dallas	Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.	Moderate	Update all management reporting to the Board of Regents, where applicable, regarding UNT Dallas gifts to clearly delineate between gifts and grants as defined by ORS UNT.	University Advancement agrees to update reporting methods for the Board of Regents based upon the agreed-upon definitions of gifts and grants after the meeting with ORS has concluded.	Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services	9-Jan-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Gift Review	UNT Dallas	Gifts and Grant Management – University gifts and grants are being inconsistently managed and monitored.	Moderate	Update UNT Dallas policies and procedures where applicable based on the updated agreement. Coordinate training for Advancement and faculty personnel from ORS to detail roles and responsibilities regarding grant management.	University Advancement agrees to update department policies and procedures after the meeting with ORS has concluded.	Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services	9-Jan-13	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Gift Review	UNT Dallas	Procedures for managing, tracking, monitoring and reporting gifts are currently being developed in conjunction with the implementation of the Raisers Edge software system.	Moderate	Update and reconcile current gift processing procedures with UNT policies and procedures already established. Ensure UNT policies and procedures are followed and referenced where required in relation to any and all intra-system cooperation agreement and accreditation requirements.	University Advancement continues to assess gift processing procedures to ensure they meet the highest industry standards that ensure safety, privacy and documentation. University Advancement will update and document controls and processing procedures that reflect Raisers Edge implementation.	Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services	9-Jan-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Gift Review	UNT Dallas	Procedures for managing, tracking, monitoring and reporting gifts are currently being developed in conjunction with the implementation of the Raisers Edge software system.	Moderate	Update and document controls and processing procedures for gifts in the new Raiser's Edge fundraising and donor management system. Work with UNT Advancement personnel to implement the new system and coordinate user access and data entry procedures and controls.	University Advancement commits to update and document controls and processing procedures that reflect Raisers Edge implementation, the new relationship with UNT Dallas Foundation, and staffing resources.	Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services	9-Jan-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Gift Review	UNT Dallas	Procedures for managing, tracking, monitoring and reporting gifts are currently being developed in conjunction with the implementation of the Raisers Edge software system.	Moderate	Determine any changes to management reporting based on the implementation and use of the new system.	University Advancement commits to assess and continually update gift processing procedures.	Doug Smith, Vice President for University Advancement and Beverly Mendoza, Manager of Advancement Services	9-Jan-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UCD Cash Loss Review	Universities Center at Dallas	Segregation of Duties – One individual was recording, depositing, and reconciling the cash received in the UCD Student Store.	Moderate	To the extent staffing levels permit, separate the duties of collecting, recording, depositing, and reconciling cash receipts among different individuals.	Monica Castillo will be in charge of duties during store operating hours. She will make all deposits and sign off on receipts at the end of the day. Araceli Cadena & Eva Randles will count the money every Friday morning before bank deposit is made. (Araceli is the only key holder to the safe deposit box.) Eva Randles will write the bank deposit slip and Araceli will make the deposit to Wells Fargo and return a receipt to Eva Randles to confirm correct deposit was made. Eva Randles will continue to email a UCD Student Store report that includes a detailed bank deposit slip, and any shortages or overages relevant for the week.	Monica Castillo, UCD Student Store Cashier Eva Randles, Office Manager Araceli Cadena, Coordinator of Recruitment and Advising	14-Sep-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UCD Cash Loss Review	Universities Center at Dallas	Purchasing Cards – The use of purchasing cards was not consistent with policy.	Moderate	Follow the Purchasing Card Guide, specifically as it relates to: • Use of card for UNT business purposes only; • Completing Controlled Item Code Equipment Forms; • Unacceptable purchases such as memberships; and • Keeping a receipt for every purchase on file.	Review items before purchasing to identify that they are within Purchasing Card guidelines.	Berri O'Neal, Executive Director for the Universities Center at Dallas Monica Rodriguez, Assistant to the Executive Director Eva Randles, Office Manager Araceli Cadena, Coordinator of Recruitment and Advising	14-Sep-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UCD Cash Loss Review	Universities Center at Dallas	Petty Cash – The change fund was used as petty cash.	Moderate	Follow policy as it relates to the use of petty cash: • Reimburse the change fund; and • Create a petty cash fund through PPS.	Universities Center at Dallas does not plan on creating a petty cash fund through PPS. UCD will continue to store \$100 in change for the register which is never to be used as petty cash. Only one individual has access to the change box used for the register at the UCD student store. The change fund was reimbursed and continues to have a balance of \$100.	Araceli Cadena, Coordinator of Recruitment and Advising Monica Castillo, UCD Student Store Cashier	14-Sep-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UCD Cash Loss Review	Universities Center at Dallas	Passwords – All employees knew the password to access the cash register, including terminated employees.	Moderate	Deactivate the shared password for the cash register and assign each those needing access their own password.	Nick Schmitt, IT Specialist, has changed the UCD Student Store log in and each individual needing access to the computer has their own log-in username/password.	Nick Schmitt, Information Technology Specialist Monica Castillo, UCD Student Store Cashier	7-Sep-12	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UCD Cash Loss Review	Universities Center at Dallas	Cash Register Funds – Cash was left overnight in the cash register inside the store.	Low	Safeguard cash by securing all funds outside of the student store when the store is closed.	Once register has been closed for the night the money will be locked in a closed file cabinet. Only one individual will have access to this key and money.	Monica Castillo, UCD Student Store Cashier	7-Sep-12	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	Recreational Sports Office Cash Handling Review	UNT	The Recreational Sports Office has established effective and efficient procedures for handling cash. Additionally, controls have been established to comply with UNT Policies 2.2.1 and 2.2.31.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Transition Review Office of Research and Economic Development	UNT	Our review of the processes and related controls and our testing indicated that the major business procedures and controls are adequate.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	UNT Dallas President's Expenditures Review	UNT Dallas	The UNT Dallas President's travel and non-travel expenditures were in compliance with his employment agreement. Additionally, his compensation for fiscal year 2012 was compliant with his employment agreement.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Joint Admission Medical Program Review	UNTHSC	Overall, UNTHSC was in compliance with policies, procedures, laws, and regulations that could have a significant impact on JAMP operations and reports. All expenditures were in compliance with the guidelines and were properly classified on the Annual Expenditure Report for the fiscal year ended August 31, 2012. In addition, the annual report submitted to JAMP accurately reflects the financial activities of the program.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Chancellor's Expenditure Review	UNT System	Internal Audit observed a proactive approach to monitoring expenses and reimbursements, with a strong attention to detail and adherence to policy. This level of detail was evidenced through support documentation retained by the Office of the Chancellor. No observations were made during the review that required management action.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	NCAA Minimum Agreed Upon Procedures	UNT	None	NA	NA	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	HSC President's Expenses Review	UNTHSC	Travel, entertainment, and business expenses for which the President was reimbursed, or that were paid on behalf of the President during fiscal year 2012, were in compliance with UNTHSC policies and the employment agreement. Additionally, expenditures reviewed were reasonable, appropriate, and documented as to business purpose.	NA	None	NA	NA	NA	NA

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Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Vice Chancellor and General Counsel Expenditures Review	UNT System	Based on the results of the procedures performed, Internal Audit noted the following: <ul style="list-style-type: none"> • Travel expenditures reimbursed to the Vice Chancellor and General Counsel were deemed appropriate, reasonable, and in compliance with UNT System Travel Policy 04-901 and UNT Travel Policy 2.1.15. • Travel expenditures for the employees of the Office of General were also deemed appropriate, reasonable, and in compliance with travel policies. • The Right to Travel form is prepared for out of state travel. • P-card purchases are performed by one p-card holder and reviewed by the p-card reconciler and approver. • Non-travel expenditures were deemed appropriate for the Office of General Counsel. • The process and procedure for selecting outside legal counsel includes a review by the Texas Attorney General's office. • Outside legal counsel invoices are reviewed by the requesting department, Office of General Counsel, and the Texas Attorney General's office. There were no suggested management actions.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dallas Purchasing Card Review	UNT Dallas	Non-compliance with Business Service Center Purchasing Card Program Guidelines. – The following instances of noncompliance with the BSC program guidelines were noted:	Moderate	Require purchasing cardholders, reconcilers and approvers to attend BSC-provided PCard training; and emphasize the importance of complying with purchasing guidelines, University policy, and state regulations.	We concur, cardholder and reconciler will be required to complete BSC PCard training.	J. Carlos Hernandez, Vice President for Finance and Administration/CFO	Aug-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Annual UNTHSC Investment Review	UNTHSC	Overall, we found that investments were safeguarded, diversified, and provided sufficient liquidity to meet the reasonable anticipated financial needs of the UNTHSC. UNTHSC is in compliance with the Public Funds Investment Act (PFIA) and the state higher education investment reporting requirements.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	All expenditures were in compliance with the guidelines and were properly classified on the Annual Report for the fiscal year ended August 31, 2012. All THECB funds appropriated to UNTHSC were received and accounted for in accordance with the THECB guidelines.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	President's Expenditures Review	UNT	Overall, the President's travel, business and entertainment, and employment compensation comply with the employment agreement and UNT/System Policies. Expenditures appear to be reasonable, appropriate, and well documented to provide assurance as to their business purposes.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Annual Audit – The Student Investment Group did not ensure that an annual audit was performed by UNT accounting majors as required by the donor agreement.	Moderate	Establish an audit committee and ensure an annual audit is performed.	Chair of FIREL will meet with the chair of the Department of Accounting to discuss means of encouraging participation in SIG and the audit function by accounting majors. Implementation and compliance rests ultimately with the members of the SIG.	Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law	8/1/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Annual Audit – The Student Investment Group did not ensure that an annual audit was performed by UNT accounting majors as required by the donor agreement.	Moderate	Develop strategies to engage accounting and auditing students to perform the annual audit.	Chair of FIREL will meet with the chair of the Department of Accounting to discuss means of encouraging participation in SIG and the audit function by accounting majors. Implementation and compliance rests ultimately with the members of the SIG.	Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law	8/1/2013	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Annual Audit – The Student Investment Group did not ensure that an annual audit was performed by UNT accounting majors as required by the donor agreement.	Moderate	Consult with the advisor and accounting faculty to determine incentives that could be offered to encourage student participation in the annual audit.	Chair of FIREL will meet with the chair of the Department of Accounting to discuss means of encouraging participation in SIG and the audit function by accounting majors. Implementation and compliance rests ultimately with the members of the SIG.	Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law	8/1/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Maintaining Records – The Student Investment Group did not record and retain meeting minutes and voting records.	Moderate	The Student Investment Group should record and retain meeting minutes, including voting records.	Chair of FIREL will work with the SIG to develop a template for SIG meetings, including voting records. Implementation and compliance rests ultimately with the members of the SIG.	Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law	8/1/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Quarterly Reports – Quarterly reports contained inaccuracies related to expenses and revenues and were not completed timely.	Moderate	Consult with the faculty advisor to gain an understanding on how to properly report expenses and revenues in the quarterly reports.	The Chair of FIREL will continue to remind SIG leaders prior to the due dates of the reports. Reports will be signed by the preparer and one SIG officer. Implementation and compliance rests ultimately with the members of the SIG.	Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law	7/1/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Quarterly Reports – Quarterly reports contained inaccuracies related to expenses and revenues and were not completed timely.	Moderate	Develop a process to ensure reports are completed timely.	The Chair of FIREL will continue to remind SIG leaders prior to the due dates of the reports. Reports will be signed by the preparer and one SIG officer. Implementation and compliance rests ultimately with the members of the SIG.	Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law	7/1/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Quarterly Reports – Quarterly reports contained inaccuracies related to expenses and revenues and were not completed timely.	Moderate	Establish an audit committee to assist in preparing and reviewing the reports.	The Chair of FIREL will continue to remind SIG leaders prior to the due dates of the reports. Reports will be signed by the preparer and one SIG officer. Implementation and compliance rests ultimately with the members of the SIG.	Marcia, Staff, Chair of Finance, Insurance, Real Estate and Law	7/1/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Financial Aid Review	UNTHSC	Overall, the Office of Financial Aid (OFA) has appropriate procedures and controls in place to comply with the UNTHSC policies, state laws and the U.S. Department of Education regulations.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Student Finance Review	UNTHSC	Overall, the Office of Student Finance has appropriate procedures and controls in place to comply with the UNTHSC policies and state laws.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Information Technology	Meaningful Use Stage 1 Attestation Review	UNTHSC	Overall, UNTHSC appropriately documented and attested to Meaningful Use Stage 1 requirements as defined by CMS & TMHP. No observations were made during the review that required management action.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dining Services A/P Audit	UNT	UNT Dining Services is not verifying that they have been billed in accordance with the contract terms with Ben E. Keith.	Moderate	Implement a process and procedure to audit the Ben E. Keith invoices to verify that UNT is billed in accordance with the contract terms.	We will be conducting periodic audits of the Ben E. Keith invoices and verifying the 6.5% margin is being enforced.	Suzan Cruz, Business Manager	1-Feb-14	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Finance	UNT Dining Services A/P Audit	UNT	UNT Dining Services is not scanning its Retail Dining Service invoices and supporting documentation as required by the Delegated Voucher Payable Agreement with the UNT System Business Service Center.	Low	Develop a procedure to scan Retail Dining Service invoices.	We are committed to completing the suggested electronic/scan Retail invoices as requested. We will be contacting our Retail Vendors and discussing the changes that are required by the University with regards to electronic/scanned invoicing and how we can streamline a process that will work for both parties.	Suzan Cruz, Business Manager	September 1, 2014.	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Space Planning Review	UNT	OSMP has not completed a Space Inventory Survey since 2009 which was conducted by Facilities.	Moderate	Suggested Management Action for Director of Office of Space Management and Planning: Conduct periodically a Space Inventory Survey preferably annually if possible, and update information into the Space Management System data base in order to ensure that information recorded in the data base is complete and accurate.	Agreed at time of observation however Survey is currently in progress. OSMP has invested more than a year in discovery, specification and development of an expanded and more robust system that will not only allow us to complete a yearly space survey but will enable UNT to collect and disseminate valuable data that will benefit Research Services, the Registrar, Facilities, Risk Management, HR, Classroom Support, Asset Management and virtually every other unit on campus. Additional auditee comments: OSMP currently maintains the data for and completes THECB and Federal required reporting for the UNT Denton and Dallas campuses as well as some of the space occupied by the System. The combined total of approximately 7.3 million square feet of space, according to industry standards for staff required for CAFM systems, should require 3-4 people full time to maintain it after initial setup. At this time OSMP has 1 FTE dedicated to the role of system development project management and maintenance of all space data.	Cheryl Benningfield, Space Inventory Manager	4/26/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Space Planning Review	UNT	UNT has only one employee who is fully knowledgeable in using and maintaining the Space Management System data base.	Moderate	Suggested Management Action for Director of Office of Space Management and Planning: Provide appropriate training to another employee in order to ensure continuity of the Space Management System.	Agreed. Although Jessica, the Office Manager has taken several training classes since May, the complexity and certain administrative rights of the Space Management System make training of existing regular staff difficult. Each member of the current OSMP staff has a full time position and associated workload and only one person's position includes the responsibility for the system. The amount of training and ongoing use that would be required to achieve competence in the maintenance of the system does not lend itself to an "additional duties as assigned" task or one that is a part-time on occasion role. Additional auditee comments: The need for additional personnel to be trained as well as another FTE for the Space Management System is crucial especially if our office is expected to continue State reporting for the UNT Dallas and System campuses. The addition of the new Law School, Shared Services under the System, and UNT Dallas campus failing their THECB space audit, cannot be achieved with the current staff in OSMP. We will need one additional FTE in order to address these critical issues.	Cheryl Benningfield, Space Inventory Manager	May 2013,	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Space Planning Review	UNT	OSMP does not have detailed operational written procedures addressing the assignment and re-assignment of University space.	Low	Suggested Management Action for Director of Office of Space Management and Planning: Develop detailed written departmental procedures, outlining the OSMP operational processes and controls.	Agreed at time of observation however certain written procedures have since been written. 1. OSMP now has written procedures for communications and processes concerning the Space Assessment Committee and Administration approval/non-approval of such requests. 2. Detailed written procedures have been completed for the Space Inventory Survey process and were published online in April, 2013. Additional written OSMP operational procedures have been identified and are being developed at this time.	Jessica Shumate, Office Manager	Dec-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Parking Services Review	UNT	Parking Meters - Parking operations does not have adequate controls over parking meter receipts. Under current procedures employee theft could occur and remain undetected. Reported Receipts from meter	High	Parking and Transportation Services management should consider the following management actions:	1. Agreed. Individuals collecting each meters locked storage container do not have access to the container. Once the coinage is dumped into the larger locked collection container via a mechanical process the meter	Geary L. Robinson, Ph.D., CAPP Director, Parking and Transportation Services	6/30/2013	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Parking Services Review	UNT	Parking Meters - Parking operations does not have adequate controls over parking meter receipts. Under current procedures employee theft could occur and remain undetected. Reported Receipts from meter parking for fiscal year 2012 were \$448,884.	High	Reconcile revenue recorded in the Meter Manager system to deposit bank receipts.	Agreed. Revenue will be recorded and entered in the Meter Manager System. Upon receiving the bank deposit receipts they will be used to reconcile the revenue recorded in the Meter Managersystem.	Geary L. Robinson, Ph.D., CAPP Director, Parking and Transportation Services	December 31st, 2013.	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Parking Services Review	UNT	Written Procedures - The Parking Office does not have written procedures addressing major business processes.	Moderate	Parking and Transportation Services management should consider the following management action: Develop detailed written procedures for applicable departmentalbusiness processes.	Agreed. Written procedures are being developed addressing the collection, recording, depositing, and reconciliation of parking revenue. The written procedures being drafted for the Parking and Transportation Services operations will provide consistency, and guidance with regards to established University and departmental controls and procedures. Additional auditee comments: The parking office previously had written procedures and prior managers had been directed to update those procedures to maintain consistency with UNT policies and maintain accountability within the operation. Management within the operation was realigned and a new Director was recruited and hired effective January 2013.	Geary L. Robinson, Ph.D., CAPP Director, Parking and Transportation Services	December 31st, 2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Parking Services Review	UNT	The following equipment at the Union Circle garage facility is either inoperable or not fully operable since May 2012. •West Exit Booth – not operable, no power pad to perform transactions, currently out for repair. •West Exit Verifier (stand- alone equipment) – not operable, Internal Power Pad needs repair. In addition, access card reader not operable. •Middle Exit Booth – partly operable, Power Pad is able to process locally, however the localsystem has lost the ability to communicate information to the ScanNet data base. •Pay-Station Equipment – not operable, Power Pad needs repair.	Moderate	Evaluate and determine Parking garage operational and reporting needs.	Agreed. Parking and Transportation Services has evaluated and determined the Parking garageoperational and reporting needs.	Geary L. Robinson, Ph.D., CAPP Director, Parking and Transportation Services	January 31st, 2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Parking Services Review	UNT	The following equipment at the Union Circle garage facility is either inoperable or not fully operable since May 2012. •West Exit Booth – not operable, no power pad to perform transactions, currently out for repair. •West Exit Verifier (stand- alone equipment) – not operable, Internal Power Pad needs repair. In addition, access card reader not operable. •Middle Exit Booth – partly operable, Power Pad is able to process locally, however the localsystem has lost the ability to communicate information to the ScanNet data base. •Pay-Station Equipment – not operable, Power Pad needs repair.	Moderate	Determine whether to either maintain current garage operational systems and repair necessary equipment, or replace applicable equipment and/or software to meet the expectations and needs of the University parking garage operations.	Agreed. PTS is working with our software provider T2 Systems, Inc to develop a plan to maintain current garage operational systems and repair necessary equipment. The plan will include replacing applicable equipment and software to meet the expectations and needs of the University parking garage operations.	Geary L. Robinson, Ph.D., CAPP Director, Parking and Transportation Services	January 31st, 2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Parking Services Review	UNT	There is no reconciliation of the physical inventory of permits kept in the office to permits sold.	Moderate	Maintain a physical inventory record of permits with cumulative balances noting beginning balances,purchased additions, and permit removals for each type of parking permit stored and locked in thestorage- cage area and also for permits maintained in the cabinet in the front sales area.	Agreed. The maintaining of the physical inventory record of permits with cumulative balances notingbeginning balances, purchased additions, and permit removals for each type of parking permit storedand locked in the storage- cage area and also for permits maintained in the cabinet in the front salesarea is being developed.	Geary L. Robinson, Ph.D., CAPP Director, Parking and Transportation Services	October 31st , 2013	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Parking Services Review	UNT	There is no reconciliation of the physical inventory of permits kept in the office to permits sold.	Moderate	Reconcile office inventoried permit usage to office sales documentation.	PTS will reconcile office inventoried permit usage to office sales documentation	Geary L. Robinson, Ph.D., CAPP Director, Parking and Transportation Services	October 31st , 2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Parking Services Review	UNT	Parking Office credit card receipts are not being reconciled to source transaction activity recorded in the T-2 and Scan-Net systems.	Moderate	Reconcile Parking Office credit card receipts to original source transaction activity. Implementation will ensure that credit card revenues are recorded and reconciled to transaction source documentation.	Agreed. PTS will reconcile Parking Office credit card receipts to original source transaction activity.	Geary L. Robinson, Ph.D., CAPP Director, Parking and Transportation Services	October 31st , 2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Enrollment Management Audit	UNT	None of the departments that process cash receipts were in compliance with UNT Policy 2.1.10.1 Cash Controls. Two departments had no written procedures and two other departments had inadequate written procedures.	Moderate	Revise cash handling written procedures to include, but not limited to: <ul style="list-style-type: none"> • a reconciliation process; • authorization of persons (named) to collect cash; • separation of duties; and • maintenance of cash receipts logs 	We will follow-through with the suggestion management action plan.	Dr. Elizabeth With, Vice President for Student Affairs	1-Sep-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Enrollment Management Audit	UNT	None of the departments that process cash receipts were in compliance with UNT Policy 2.1.10.1 Cash Controls. Two departments had no written procedures and two other departments had inadequate written procedures.	Moderate	Request assistance and a review by Student Accounting and University Cashiering Services.	We will follow-through with the suggestion management action plan.	Dr. Elizabeth With, Vice President for Student Affairs	1-Sep-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	Enrollment Management Audit	UNT	The Student Financial Aid and Scholarships department does not redact bank account information on checks before scanning into Image Now.	Low	Amend the check receipting process to include redacting the bank account number and bank routing number before scanning into Image Now.	We will follow-through with the suggestion management action plan.	Dr. Elizabeth With, Vice President for Student Affairs	1-Sep-13	Closed
Internal	UNT System Internal Audit	Fiscal Year 2013	Academic and Students	UNT Dallas Facilities Certification Review	UNT Dallas	Overall, based on the results of procedures performed, the facilities development projects and acquisitions of real property complied with rules established by the Texas Administrative Code and within the parameters specified in the project applications that were submitted to THECB.	NA	None	NA	NA	NA	NA
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	UNTHSC and the Foundation deposits received and processed by the UNTHSC advancement function are deposited into separate bank accounts owned by UNTHSC and swept nightly into the general operating account for UNTHSC. In addition, UNTHSC and the Foundation share a Federal Employer Identification Number (FEIN). As UNTHSC and the Foundation are separate legal entities, deposits related to the Foundation receipts should not be combined with UNTHSC funds. Specifically: <ul style="list-style-type: none"> • 55 of 60 contributions sampled totaling \$6,403,499.71 were deposited into the UNTHSC bank account that were intended for the Foundation. • Of that amount, 45 contributions totaling \$5,513,999.71 were made payable to the Foundation and 10 contributions totaling \$889,500.00 were made payable to UNTHSC. 	NA	The Foundation should establish a unique FEIN.	Application for new FEIN and related tax exempt status to be completed.	Doug White, Vice President UNTHSC Institutional Advancement	8/31/2014	Closed

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External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	UNTHSC and the Foundation deposits received and processed by the UNTHSC advancement function are deposited into separate bank accounts owned by UNTHSC and swept nightly into the general operating account for UNTHSC. In addition, UNTHSC and the Foundation share a Federal Employer Identification Number (FEIN). As UNTHSC and the Foundation are separate legal entities, deposits related to the Foundation receipts should not be combined with UNTHSC funds. Specifically: <ul style="list-style-type: none"> • 55 of 60 contributions sampled totaling \$6,403,499.71 were deposited into the UNTHSC bank account that were intended for the Foundation. • Of that amount, 45 contributions totaling \$5,513,999.71 were made payable to the Foundation and 10 contributions totaling \$889,500.00 were made payable to UNTHSC. 	NA	The Foundation should establish a separate bank account to act as an operating account and create procedures for determining that UNTHSC and Foundation funds are deposited in the correct bank account to ensure that funds are properly segregated by legal entity.	Establishment of separate bank account for Foundation operations to be completed.	Doug White, Vice President UNTHSC Institutional Advancement	8/31/2014	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	UNTHSC and the Foundation deposits received and processed by the UNTHSC advancement function are deposited into separate bank accounts owned by UNTHSC and swept nightly into the general operating account for UNTHSC. In addition, UNTHSC and the Foundation share a Federal Employer Identification Number (FEIN). As UNTHSC and the Foundation are separate legal entities, deposits related to the Foundation receipts should not be combined with UNTHSC funds. Specifically: <ul style="list-style-type: none"> • 55 of 60 contributions sampled totaling \$6,403,499.71 were deposited into the UNTHSC bank account that were intended for the Foundation. • Of that amount, 45 contributions totaling \$5,513,999.71 were made payable to the Foundation and 10 contributions totaling \$889,500.00 were made payable to UNTHSC. 	NA	Determine the amount of existing Foundation funds held in UNTHSC bank accounts and transfer these funds to the new Foundation bank account once the separate FEIN and letter of determination from the IRS are obtained.	Establishment of separate bank account for Foundation operations to be completed.	Doug White, Vice President UNTHSC Institutional Advancement	8/31/2014	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	10 of 60 contributions sampled totaling \$889,500.00 were written to UNTHSC and deposited to the UNTHSC bank account; however, they were posted to the general ledger as a Foundation contribution as the donor intent indicated the contribution was for the Foundation. The advancement function process consists of depositing contributions based on the donor's intent instead of how the check was made payable.	NA	Donor intent should be followed; however, the check should be made payable to the correct legal entity prior to deposit. Working in collaboration with the Office of General Counsel, the UNTHSC advancement function should establish a process to resolve issues where donors' checks are made payable to a legal entity in contradiction to supporting documentation, such as the donor's letter of intent.	<ul style="list-style-type: none"> • All fundraising materials will state clearly that checks should be made payable to "UNTHSC Foundation" as a first step toward confirming donor intent. • All donor acknowledgement letters to donors will be sent on UNTHSC Foundation letterhead and contain explicit language confirming deposit of funds to the Foundation. • On occasions when checks are made payable to UNTHSC but clear intent is for deposit to UNTHSC Foundation, donor will be contacted to either reissue check or provide written confirmation (email) of intent to make gift payable to Foundation. 	Doug White, Vice President UNTHSC Institutional Advancement	NA	NA
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	10 of 60 contributions sampled totaling \$889,500.00 were written to UNTHSC and deposited to the UNTHSC bank account; however, they were posted to the general ledger as a Foundation contribution as the donor intent indicated the contribution was for the Foundation. The advancement function process consists of depositing contributions based on the donor's intent instead of how the check was made payable.	NA	The UNT advancement function should provide training and education to UNTHSC advancement personnel to communicate with donors on deposit requirements.	NA	Doug White, Vice President UNTHSC Institutional Advancement	NA	NA

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External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	There is a cash handling policy for UNTHSC which requires cash or check deposits to be sent to the Cashier's Office within 3 business days upon receipt to reduce the risk that checks could be misplaced, misused, or not deposited; however, through interviews, it was noted the UNTHSC advancement function does not strictly adhere to this policy, which presents a risk that checks could be misplaced, misused, or not deposited.	NA	The UNTHSC advancement function should follow the UNTHSC Cash Handling policy and establish a monitoring process to provide assurance donations are submitted to the Cashier's Office within 3 business days of receipt.	Recommendation has been implemented, with a check Jogging system now in use to confirm compliance with this policy.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	Current business practice is to record contributions received in Raiser's Edge within 3 days of receipt; however, there is no UNTHSC advancement policy requiring contributions to be recorded in a timely manner, resulting in a risk that contributions received are lost or misplaced and not recorded in Raiser's Edge and subsequently to the general ledger.	NA	The UNTHSC advancement function should establish a policy and communicate requiring contributions to be recorded in Raiser's Edge within 3 business days of receipt.	Practice has been formalized with appropriate staff.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	7 of 56 general ledger postings sampled totaling \$1,896,910.42 were posted to the clearing or operating DeptID of the advancement function and not to the permanent DeptID. The review process for the clearing account DeptID is not performed monthly and does not receive appropriate approvals. A running balance is maintained in the clearing DeptID and expenditures are being made out of the account, which could potentially misstate the financial position if contributions recorded to this Foundation DeptID are meant for UNTHSC. This issue has also been noted on previous UNTS Internal Audit reports to UNTHSC.	NA	The UNTHSC advancement function should document the purpose of the Clearing DeptID and determine the DeptID is only used for those purposes.	Monthly reconciling has been enacted, with all transfers from of the Clearing Dept/D requiring review and approval of the VP of Institutional Advancement.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	7 of 56 general ledger postings sampled totaling \$1,896,910.42 were posted to the clearing or operating DeptID of the advancement function and not to the permanent DeptID. The review process for the clearing account DeptID is not performed monthly and does not receive appropriate approvals. A running balance is maintained in the clearing DeptID and expenditures are being made out of the account, which could potentially misstate the financial position if contributions recorded to this Foundation DeptID are meant for UNTHSC. This issue has also been noted on previous UNTS Internal Audit reports to UNTHSC.	NA	The UNTHSC advancement function should prepare a reconciliation of the clearing DeptID identifying gifts, deposits, and expenditures that make up the balance.	Monthly reconciling has been enacted, with all transfers from of the Clearing Dept/D requiring review and approval of the VP of Institutional Advancement.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	7 of 56 general ledger postings sampled totaling \$1,896,910.42 were posted to the clearing or operating DeptID of the advancement function and not to the permanent DeptID. The review process for the clearing account DeptID is not performed monthly and does not receive appropriate approvals. A running balance is maintained in the clearing DeptID and expenditures are being made out of the account, which could potentially misstate the financial position if contributions recorded to this Foundation DeptID are meant for UNTHSC. This issue has also been noted on previous UNTS Internal Audit reports to UNTHSC.	NA	The UNTHSC advancement function should reconcile the Clearing DeptID monthly, and move identified outstanding gifts or deposits to permanent DeptIDs.	Monthly reconciling has been enacted, with all transfers from of the Clearing Dept/D requiring review and approval of the VP of Institutional Advancement.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed

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External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	7 of 56 general ledger postings sampled totaling \$1,896,910.42 were posted to the clearing or operating DeptID of the advancement function and not to the permanent DeptID. The review process for the clearing account DeptID is not performed monthly and does not receive appropriate approvals. A running balance is maintained in the clearing DeptID and expenditures are being made out of the account, which could potentially misstate the financial position if contributions recorded to this Foundation DeptID are meant for UNTHSC. This issue has also been noted on previous UNTS Internal Audit reports to UNTHSC.	NA	The UNTHSC advancement function should not allow expenditures to be posted to the Clearing DeptID.	Monthly reconciling has been enacted, with all transfers from of the Clearing Dept/D requiring review and approval of the VP of Institutional Advancement.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	<ul style="list-style-type: none"> A lack of segregation of duties exists between the personnel responsible for receiving contributions and recording in Raiser's Edge. There is not a current process to record mail or in-hand contributions on a receipt log as they are received by the UNTHSC advancement function, which increases the risk of contributions not being deposited upon receipt. 	NA	The UNTHSC advancement function should establish a segregation of duties between receiving contributions and entering contributions into Raiser's Edge to provide for adequate checks and balances.	A contribution log has been created and is assigned to a distinct member of the Advancement team for receipt and recording of all gifts received in person or through the mail.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	<ul style="list-style-type: none"> A lack of segregation of duties exists between the personnel responsible for receiving contributions and recording in Raiser's Edge. There is not a current process to record mail or in-hand contributions on a receipt log as they are received by the UNTHSC advancement function, which increases the risk of contributions not being deposited upon receipt. 	NA	The UNTHSC advancement function should establish a contribution receipt log to record donations received in-person or through mail. The log should include, at a minimum, the check number, payee name, amount, and date received.	The contribution log is being reconciled monthly to ensure that all gifts on the log have been recorded in Raiser's Edge.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	<ul style="list-style-type: none"> A lack of segregation of duties exists between the personnel responsible for receiving contributions and recording in Raiser's Edge. There is not a current process to record mail or in-hand contributions on a receipt log as they are received by the UNTHSC advancement function, which increases the risk of contributions not being deposited upon receipt. 	NA	The UNTHSC advancement function should establish a process to reconcile the contribution receipt log monthly to Raiser's Edge and EIS to determine that contributions received have been recorded in Raiser's Edge.	The contribution log is being reconciled monthly to ensure that all gifts on the log have been recorded in Raiser's Edge.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	The bank reconciliation process performed by the UNTHSC Accounting function does not resolve unreconciled items in a timely manner due to delays in receiving necessary transaction information from the Foundation. The August 2013 bank reconciliation for the Advancement account had two reconciling items over three months old in the total amount of \$18,308.46, which could potentially misstate the financial position of UNTHSC if the reconciling items are determined inaccurate.	NA	The UNTHSC advancement and accounting functions should establish a policy indicating reconciling items should be resolved within one month. The UNTHSC advancement function should provide timely recording of transactions to facilitate timely reconciliations.	The practice has been established and is in place.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	2 of 60 contributions reviewed totaling \$220,000 were not recorded in Raiser's Edge to the proper DeptID. One contribution totaling \$10,000 was unable to be tested due to lack of supporting documentation provided. Without a review process prior to contributions being entered into Raiser's Edge, a risk exists that contributions are not recorded to the correct DeptID and potentially misstating the financial position of UNTHSC.	NA	The UNTHSC advancement function should research and resolve the three exceptions noted.	NA	Doug White, Vice President UNTHSC Institutional Advancement	NA	NA

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External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	2 of 60 contributions reviewed totaling \$220,000 were not recorded in Raiser's Edge to the proper DeptID. One contribution totaling \$10,000 was unable to be tested due to lack of supporting documentation provided. Without a review process prior to contributions being entered into Raiser's Edge, a risk exists that contributions are not recorded to the correct DeptID and potentially misstating the financial position of UNTHSC.	NA	The UNTHSC advancement function should establish a policy requiring review of contributions received and the proposed DeptID prior to being recorded in Raiser's Edge.	A new practice has been instituted that requires a second review of donor documentation to better ensure that contributions are assigned to the correct Dept/Din Raiser's Edge.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	A reconciliation is not performed between the Raiser's Edge system, which acts as a subledger, to the EIS general ledger revenue transactions to assess whether the contributions were recorded to the correct DeptID on the general ledger as indicated by Raiser's Edge. Three contributions analyzed totaling \$30,018.08 were not properly recorded to the general ledger based on how the contribution was recorded in Raiser's Edge.	NA	Research and resolve the three exceptions noted.	NA	Doug White, Vice President UNTHSC Institutional Advancement	NA	NA
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	A reconciliation is not performed between the Raiser's Edge system, which acts as a subledger, to the EIS general ledger revenue transactions to assess whether the contributions were recorded to the correct DeptID on the general ledger as indicated by Raiser's Edge. Three contributions analyzed totaling \$30,018.08 were not properly recorded to the general ledger based on how the contribution was recorded in Raiser's Edge.	NA	The Foundation should work with the UNTHSC Accounting Office to establish a policy to perform a monthly reconciliation between the general ledger and Raiser's Edge to assess whether contributions recorded in Raiser's Edge were recorded to the correct DeptID in the general ledger.	A monthly reconciliation is now being conducted.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	A reconciliation is not performed between the Raiser's Edge system, which acts as a subledger, to the EIS general ledger revenue transactions to assess whether the contributions were recorded to the correct DeptID on the general ledger as indicated by Raiser's Edge. Three contributions analyzed totaling \$30,018.08 were not properly recorded to the general ledger based on how the contribution was recorded in Raiser's Edge.	NA	The Foundation shall provide to the UNTHSC Accounting Office an adequate level of support for all journal entries prior to their posting to the general ledger.	A monthly reconciliation is now being conducted.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	A policy does not exist requiring an executive level review and approval of transfers from the UNTHSC operating account where general contributions are maintained to the Foundation investment account. Currently, the accounts are owned by UNTHSC and Foundation, respectively, and the legal ownership of the funds change through these transfers. The ability to transfer funds between bank accounts provide for an increased risk to the misuse of funds.	NA	The UNTHSC advancement function should establish a policy requiring documentation of executive level review and approval of transfer requests prior to the transfer being executed.	A practice requiring executive level review and approval has been implemented.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	A policy does not exist requiring review and approval of transfer transactions between DeptIDs prior to being posted to the general ledger. The ability to transfer funds between DeptIDs provides for an increased risk of misrepresentation of funds on the UNTHSC financial statements.	NA	The UNTHSC advancement function should establish a policy requiring executive level review and approval of DeptID transfers prior to their posting to Raiser's Edge and the general ledger.	A practice requiring executive level review and approval of Dept/D transfers has been implemented.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2014	Finance	University of North Texas System - UNTHSC & UNTHSC Foundation Advancement Process Assessment	UNTHSC & UNTHSC Foundation	There is currently not a policy within the advancement function related to the review and approval of DeptID addition, deletion, and modifications in the system. The ability to add, delete, or modify DeptIDs increases the risk that funds are misrepresented on the UNTHSC financial statements or that funds are recorded for a purpose in contradiction to the intent of the contribution.	NA	The UNTHSC advancement function should establish a policy requiring review and approval of additions, deletions, or modifications of DeptID code prior to effecting Raiser's Edge or the general ledger.	A practice requiring executive level review/approval of Dept/D creation or alterations has been implemented.	Doug White, Vice President UNTHSC Institutional Advancement	NA	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
External	Food and Drug Administration	Fiscal Year 2014	Governance and Regulatory Compliance	Protocol Compliance; TCOM/Medical Education	UNTHSC	None	NA	NA	NA	NA	NA	NA
External	State Auditor's Office	Fiscal Year 2014	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2013	UNT	For 5 (8 percent) of 60 students tested, the University of North Texas (University) did not submit corrections for changes in education credit amounts to the U.S. Department of Education as required; however, the University accurately verified all required information.	NA	The University should correct the batch process in its financial aid system so that it submits changes in education credit amounts to the U.S. Department of Education and adjusts applicants' financial aid packages accordingly.	Management made changes to the batch process in EIS which allow education credit changes to be reported. All students affected were corrected.	Dena Guzman-Torres and Lacey Thompson	7/1/2013	Closed
External	State Auditor's Office	Fiscal Year 2014	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2014	UNT	For 13 (22 percent) of 60 students tested, the University did not accurately report the students' enrollment status to NSLDS.	NA	The University should implement a formal process to accurately report status changes and effective dates for unofficially withdrawn students to NSLDS.	Management is attentive to the U.S. Department of Education requirements associated with Student Status Changes resulting from unofficial withdrawals. Management Response and Corrective Action Plan: Management has implemented business controls to ensure accurate and timely reporting to the National Student Clearinghouse and the National Student Loan Data System for this population of students	Bryan Heard	6/1/2013	Closed
External	State Auditor's Office	Fiscal Year 2014	Finance	State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2013	UNT	One (1 percent) of 70 direct cost transactions tested at the University of North Texas (University) was unallowable. For 1 (1 percent) of 70 direct cost transactions tested, the University incorrectly calculated the amount of the federal expenditure.	NA	The University should establish and implement procedures to ensure that it does not charge unallowable or incorrect costs to federal awards.	The UNT Business Service Center (BSC) agrees. The BSC has corrected the travel reimbursement and the payroll underpayment. The BSC has established business practices to address the recommendation, which include: <u>Management Response and Corrective Action Plan 2012:</u> -Provided additional training to Travel staff regarding unallowable expenses on federal funds. -Will participate in ongoing collaboration with the UNT Office of Research Services to enhance the audit process of travel expenditures to avoid unallowable charges to federal funds. -ERP (PeopleSoft) system now calculates partial months using an annualized hourly rate of pay (2,080 hours). The manual calculation is no longer necessary. The University has implemented a process to calculate partial month salary payments. Auditors tested a sample of payroll transactions and determined that each transaction was allowable and calculated correctly. However, 1 of 15 travel expenditures tested was unallowable. The University reimbursed gratuity charges as part of a travel reimbursement. <u>2013 Update:</u> The UNT Office of Research Services has a written procedure and training in place covering unallowable expenditures on federal awards, including tips. The	Britt Krhovjak and Debbie Reynolds	12/5/2013	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
External	State Auditor's Office	Fiscal Year 2014	Finance	State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2013	UNT	The University of North Texas (University) did not ensure that vendors associated with 4 (40 percent) of 10 procurements tested that exceeded \$25,000 were not suspended or debarred.	NA	The University should document its vendor suspension and debarment verifications for all procurements of at least \$25,000.	The UNT System Business Service Center (BSC) agrees. The BSC has established business practices to address the recommendation, which include: Management Response and Corrective Action Plan 2012: -Added a clause/condition to the UNT System Purchase Order Terms and Conditions on 10/26/12. - Provided additional training to Purchasing staff on EPLS Search and documentation requirements on 1/16/13. - Created a procedure to ensure all procurements of at least \$25,000 are documented appropriately and are audited by management daily on 1/22/13. All Business Service Center Purchasing staff will be re-educated on the EPLS requirements and the need to maintain verification documentation. Purchasing Director/Manager will continue to audit for compliance on a daily basis. Management Response and Corrective Action Pla	Debbie Reynolds, Carolyn Cross, and Tina Koenig	12/16/2013	Closed
External	State Auditor's Office	Fiscal Year 2014	Finance	State Agency, University, and Community College District Compliance with the Public Funds Investment Act and Investment Reporting Requirements	UNT	Not Fully Compliant with the Public Funds Investment Act * (*Source: Findings listed are based upon reviews of the audit reports issued by the universities' internal or external auditors.)	NA	None	NA	NA	NA	NA
External	State Auditor's Office	Fiscal Year 2014	Finance	State Agency, University, and Community College District Compliance with the Public Funds Investment Act and Investment Reporting Requirements	UNT HSC	Not Fully Compliant with the Public Funds Investment Act * (*Source: Findings listed are based upon reviews of the audit reports issued by the universities' internal or external auditors.)	NA	None	NA	NA	NA	NA
External	State Auditor's Office	Fiscal Year 2014	Finance	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2013	UNT	NA	NA	None	NA	NA	NA	NA

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
External	State Auditor's Office	Fiscal Year 2014	Finance	Statewide Single Audit Report for the Year Ended August 31, 2013	UNT	On its SEFA, the University of North Texas (UNT): - Incorrectly reported expenditures for four CFDA's in the Student Financial Assistance Cluster of federal programs using award year instead of fiscal year. As a result, UNT (1) incorrectly included \$6,257,520 and (2) incorrectly excluded \$278,738 in expenditures on its SEFA. UNT also incorrectly included \$6,255,520 of those expenditures in the notes to its SEFA and understated federal revenue by \$276,738 in the notes to its SEFA. - Could not provide adequate support for excluding \$361,374 in expenditures from its SEFA. UNT asserted that it excluded those expenditures because it had a vendor relationship with other state entities; however, UNT could not provide support for that assertion.	NA	None	Corrective action was taken.	NA	NA	NA
External	State Office of Risk Management	Fiscal Year 2014	Governance and Regulatory Compliance	On-Site Consultation	UNTHSC	15-04-01 Safety: Chemical Safety: Respiratory Protection Program - During the consultation, SORM noted that according to their Safety Data Sheets, chemicals being used on campus have been assigned OSHA Permissible Exposure Limits and/or ACGIH Threshold Limit Values. However, no testing has been conducted to determine the level of the employees' exposure to these hazards.	NA	SORM recommends that UNTHSC measure the levels that the employees are exposed to. Based on the results of the testing, an OSHA-compliant respiratory protection program may need to be implemented.	We will partner with our School of Public Health to perform exposure assessments on employees.	Matthew Moncus, Director, Safety Office	9/30/2015	Open as of 11/17/15 SORM report. All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2014	Governance and Regulatory Compliance	On-Site Consultation	UNTHSC	15-04-02 Safety: Fire Safety: Sprinkler System Maintenance - During the consultation, SORM noted that UNTHSC has a functional sprinkler system in most of the buildings on campus. Annual maintenance is being conducted by a third-party vendor. Upon review, some of the quarterly tasks listed in NFPA-25 are not listed on the vendor-provided checklists, and therefore, are not being completed.	NA	SORM recommends that UNTHSC work with the third-party vendor and the UNTHSC maintenance personnel to ensure that all inspections, testing, and maintenance of the sprinkler systems conform to NFPA-25. If the vendor's procedures are out of compliance with this standard, SORM recommends that the university consider terminating the contract with this vendor as soon as possible, and contracting with a vendor who will comply with the standard.	We will meet with the vendor and discuss inspection procedures, requirements, and evaluate if the vendor can meet our needs. If they cannot we will begin the process of selecting a new vendor.	Matthew Moncus, Director, Safety Office	6/30/2015	Closed
External	State Office of Risk Management	Fiscal Year 2014	Governance and Regulatory Compliance	On-Site Consultation	UNTHSC	15-04-03 Safety: Hazard Communication: Eyewash Nozzle Caps (EAD Building) - SORM noted during the consultation that required nozzle caps on eyewash stations in the EAD Building were missing. Without these nozzle caps, dust and other debris can present an additional hazard to an employee flushing their eyes from a chemical exposure.	NA	SORM recommends that UNTHSC replace the required nozzle caps, as per the OSHA and ANSI standards.	Submitted work orders to have the nozzle caps replaced with a type that is not easily broken.	Matthew Moncus, Director, Safety Office	5/13/2015	Closed
External	State Office of Risk Management	Fiscal Year 2014	Governance and Regulatory Compliance	On-Site Consultation	UNTHSC	15-04-04 Safety: Fire Safety: GFCI (Electronic Water Fountain) - SORM noted during the consultation that an electronic water fountain in the library was not protected by a Ground Fault Circuit Interrupter, as required by the National Electrical Code.	NA	SORM recommends that UNTHSC provide this protection, either in the receptacle or on the circuit breaker.	Work order has been submitted to replace all outlets near water fountains with GFCI outlets.	Matthew Moncus, Director, Safety Office	6/30/2015	Closed
External	State Office of Risk Management	Fiscal Year 2014	Governance and Regulatory Compliance	On-Site Consultation	UNTHSC	15-04-05 Safety: Fire Safety: Standpipe Cap - SORM noted during the consultation that a standpipe in front of the cooling towers on Montgomery Street was missing one of its required caps. Without the required cap, debris may accumulate in the hose connection such that the system may malfunction.	NA	SORM recommends that UNTHSC replace this cap, as per the NFPA standard.	A work order has been issued to replace the cap.	Matthew Moncus, Director, Safety Office	5/31/2015	Closed
External	State Office of Risk Management	Fiscal Year 2014	Governance and Regulatory Compliance	On-Site Consultation	UNTHSC	15-04-06 Safety: Fire Safety: Sprinkler Heads - SORM noted during the consultation that two sprinkler heads in the EAD Building (one on the fourth floor, one on the fifth floor) were covered in dirt and debris. One sprinkler head on the fifth floor was ingressed into the ceiling tile. In these conditions, these sprinkler heads will not function as designed by the manufacturer, and thereby present a fire hazard.	NA	SORM recommends that UNTHSC repair these sprinkler heads, ensure that all inspections are done according to NFPA-25, and promptly correct any deficiencies once they are noted.	We will inspect the sprinkler heads more thoroughly and correct the deficiencies found. The Safety Office will assist in inspections to provide greater oversight in this task. A work order has been placed to repair the items observed during the inspection.	Matthew Moncus, Director, Safety Office	8/31/2015	Closed

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External	State Office of Risk Management	Fiscal Year 2014	Governance and Regulatory Compliance	On-Site Consultation	UNTHSC	15-04-07 Safety: Fire Safety: Electrical Panelboard - SORM noted during the consultation that an electrical panelboard in the Internal Audit Building was missing a required knockout, thereby creating a fire hazard.	NA	SORM recommends that UNTHSC insert the required knockout, as per the National Electrical Code.	A work order has been submitted to replace the knockout in the panel.	Matthew Moncus, Director, Safety Office	5/31/2015	Closed
External	State Office of Risk Management	Fiscal Year 2014	Governance and Regulatory Compliance	On-Site Consultation	UNTHSC	15-04-08 Safety: Fire Safety: Exit Sign - SORM noted during the consultation that an exit sign on the 5th floor of the MET was incorrectly indicating a path of travel.	NA	SORM recommends that UNTHSC correct this sign to properly direct the flow of traffic in an emergency.	A work order has been submitted to change the signage.	Matthew Moncus, Director, Safety Office	5/31/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	UNT Endowment Review Audit	UNT	Students received scholarships from the Texas Apartment Association (TAA) that were not processed through the Office of Student Financial Aid and Scholarships (SFAS). Students enrolled in the Residential Property Management (RPM) degree program offered by the Department of Finance, Insurance, Real Estate and Law (FIREL) are eligible to apply for a scholarship from the TAA. Scholarships awarded by TAA are sent directly to the student. Consequently, the awards are not processed through SFAS.	Low	Recommendations for Chair of the FIREL Department: Coordinate with the Office of Financial Aid to determine if receipt of the TAA scholarships resulted in any over-awards in federal financial aid and if so, adjustments should be resolved and reported as required. Implementation will provide assurance that scholarships awarded by the Texas Apartment Association will be coordinated and processed through the Office of Student Financial Aid and Scholarships; compliance with Federal Regulations, University policy, SFAS guidelines, and MOU requirements will be achieved; and the overall control environment will be strengthened.	2: The donor established its own nonprofit organization to provide scholarships to students and makes the awards totally independent of the University. Management has no direct knowledge of which students receive the scholarships or in what amounts. To the best of management's knowledge and belief, the funds are paid directly to the students. However, management has no direct knowledge of any such receipt. Since the scholarships are provided by an independent third party, students are required to report the scholarship amounts to SFAS. Management is not aware of any mechanism by which it is required to and/or can report scholarships made by third parties to UNT students of which management has no direct knowledge. Management agrees to consult with the UNT Office of Financial Aid to determine University policy and procedures related to any required reporting of scholarships made to UNT students by third parties when the award is not made by the department or program and is administered by an independent third party. Management agrees to comply with the policies and procedures prescribed by the Office of Financial Aid.	Marcia J. Staff, Chair, FIREL	1/27/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	UNT Endowment Review Audit	UNT	The scholarship committee waived the minimum 3.25 GPA requirement to award a scholarship to a student.	Low	Recommendations for Director of the Professional Leadership Program (PLP): Administer endowment distributions in accordance with provisions of the MOU.	We agree that the procedure was not followed, although the donor was consulted for approval. 3. We will consult the UNT General Counsel to determine whether corrective action is needed for the award that was made.	Marilyn K. Wiley, Senior Associate Dean, College of Business	3/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	UNT Endowment Review Audit	UNT	The scholarship committee waived the minimum 3.25 GPA requirement to award a scholarship to a student.	Low	Recommendations for Director of the Professional Leadership Program (PLP): Obtain documented approval (agreement) from stakeholders (donor, university, students, faculty, staff) as appropriate before modifying the provisions of an existing MOU. Generally, the approval should be documented in the same form as the original agreement.	We agree that the procedure was not followed, although the donor was consulted for approval. 4. We will call a meeting including the donor, the PLP director and the PLP assistant director to discuss compliance for future awards and whether MOU modifications are needed, and document the results of the meeting.	Marilyn K. Wiley, Senior Associate Dean, College of Business	3/1/2014	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	UNT Endowment Review Audit	UNT	The scholarship committee waived the minimum 3.25 GPA requirement to award a scholarship to a student.	Low	Recommendations for Director of the Professional Leadership Program (PLP): Consult with Legal Counsel to determine if any or what corrective action needs to be taken. Implementation will provide assurance that stakeholders will be made aware of modifications to the gift agreement; compliance with provisions of the gift agreement will be achieved; potential loss of endowment funds and other gifts will be minimized; strained relations between donors and the University, which might affect future gifts will be deterred; and negative publicity and damage to the University's reputation will be prevented.	We agree that the procedure was not followed, although the donor was consulted for approval. 5. In the future, the PLP director and staff will work closely with the Dean's office to be sure that all scholarships are appropriately awarded in compliance with the MOU provisions.	Marilyn K. Wiley, Senior Associate Dean, College of Business	3/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	UNT Kristin Farmer Autism Audit	UNT	The UNT Kristin Farmer Autism Center's (KFAC) Business Plan does not appear to be achievable. The KFAC's Business Plan presents a detail cost structure for provided services as \$5,500 per month per child, or \$66,000 annually. KFAC was to service 40 children monthly generating an annual income of \$2,640,000; however, the Center's capacity can only operate with 20 full-time and additional part-time clients. Additionally, there is no presentation or explanation of how these services will be paid by the client. Examples would include insurance coverage, partnering with local school districts, or scholarships.	High	Management Action for the Vice Provost for Academic Resources and Dean of the College of Education: Establish a team with the knowledge and expertise to evaluate the KFAC's Business Plan;	The Vice Provost for Academic Resources agrees with all the recommendations. 1. The Vice Provost for Academic Resources with the Dean of the College of Education to compose an evaluation team with the knowledge and expertise to evaluate the KFAC's Business Plan. This team will consist of members of UNT and the community who can help to advise on individual components of the plan.	Dr. Allen Clark, Vice Provost for Academic Resources	April 1, 2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	UNT Kristin Farmer Autism Audit	UNT	The UNT Kristin Farmer Autism Center's (KFAC) Business Plan does not appear to be achievable. The KFAC's Business Plan presents a detail cost structure for provided services as \$5,500 per month per child, or \$66,000 annually. KFAC was to service 40 children monthly generating an annual income of \$2,640,000; however, the Center's capacity can only operate with 20 full-time and additional part-time clients. Additionally, there is no presentation or explanation of how these services will be paid by the client. Examples would include insurance coverage, partnering with local school districts, or scholarships.	High	Management Action for the Vice Provost for Academic Resources and Dean of the College of Education: Assure that all sources of revenue have been identified and validated;	2. Assure that all sources of revenue have been identified and validated through the development of a funding model of service provided by the center.	Dr. Kevin Callahan, Executive Director of the Kristen Farmer Autism Center	April 1, 2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	UNT Kristin Farmer Autism Audit	UNT	The UNT Kristin Farmer Autism Center's (KFAC) Business Plan does not appear to be achievable. The KFAC's Business Plan presents a detail cost structure for provided services as \$5,500 per month per child, or \$66,000 annually. KFAC was to service 40 children monthly generating an annual income of \$2,640,000; however, the Center's capacity can only operate with 20 full-time and additional part-time clients. Additionally, there is no presentation or explanation of how these services will be paid by the client. Examples would include insurance coverage, partnering with local school districts, or scholarships.	High	Management Action for the Vice Provost for Academic Resources and Dean of the College of Education: Perform a cost/benefit analysis of the KFAC; and	The Vice Provost for Academic Resources agrees with all the recommendations. 3. A cost/benefit analysis will be included as part of the updated business plan.	Dr. Kevin Callahan, Executive Director of the Kristen Farmer Autism Center	April 1, 2014	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	UNT Kristin Farmer Autism Audit	UNT	The UNT Kristin Farmer Autism Center's (KFAC) Business Plan does not appear to be achievable. The KFAC's Business Plan presents a detail cost structure for provided services as \$5,500 per month per child, or \$66,000 annually. KFAC was to service 40 children monthly generating an annual income of \$2,640,000; however, the Center's capacity can only operate with 20 full-time and additional part-time clients. Additionally, there is no presentation or explanation of how these services will be paid by the client. Examples would include insurance coverage, partnering with local school districts, or scholarships.	High	Management Action for the Vice Provost for Academic Resources and Dean of the College of Education: Prepare a Memorandum of Understanding to document the financial funding agreements between the KFAC, the Provost Office and the University. Implementation will provide assurance that a thorough evaluation of future Centers and Institutes will be performed. Additionally, a cost/benefit analysis of the KFAC will be performed.	The Vice Provost for Academic Resources agrees with all the recommendations. 4. Prepare a Memorandum of Understanding to document the financial funding agreements between the KFAC, the Provost, and the University. A cost/benefit analysis will be included as part of the updated business plan.	Dr. Allen Clark, Vice Provost for Academic Resources	3/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	None	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	We performed a limited review of the control environment related to football ticket sales. We noted weaknesses related to complimentary and student tickets. These weaknesses included a lack of procedures for complimentary tickets and no reconciliations of complimentary tickets or unsold student tickets.	NA	We recommend that the Athletics department strengthen the controls related to complimentary tickets (including student tickets), develop procedures relating to complimentary tickets which should include documentation of each complimentary ticket recipient, and perform reconciliations of complimentary and student tickets.	The athletic department agrees with a recommendation that additional steps can be taken to further assure reconciliation/security of comp/students tickets. The athletic department will: 1. On a weekly basis reconcile a. student tickets b. student athlete tickets 2. Work with Ticketmaster to assure that all protocols are in place to link personnel who can print or distribute comp tickets. 3. On a monthly basis, spot check and report on comp ticket distributions to assure proper approvals are in place.	Mike Ashbaugh, Troy Taylor	1/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	Future game guarantees are not accrued when contracts are executed.	NA	We recommend that game guarantees be accrued in the financial reporting period when the contracts are executed.	The athletic department agrees to create accounts receivable for game contracts. We will consult with Financial Reporting to record existing and future contracts using GAAP as a guideline for recording these amounts. The athletic department notes that in most cases the guaranteed amount in the event a scheduled contest is not played is not the same as the face value of the contract when the game is played. Again we will consult with Financial Reporting to determine the amount to be recorded.	Mike Ashbaugh	1/15/2014	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	NCAA Bylaw 11.2.2, Athletically Related Income, requires annual reporting of all athletically related income and benefits from sources outside the institution. This reporting is to also be provided to the President. During the audit, Athletics did not have all required reports on file for fiscal year 2013. The forms were subsequently completed and no third-party compensation was received by the Athletics Department employees that met the criteria to be disclosed in the financial statements.	NA	We recommend that the Athletics Department develop a process for assuring that all reports are obtained and completed appropriately, and determine if any additional steps are necessary for this process to be fully compliant with NCAA Bylaw 11.2.2.	The athletic department has always collected all forms in a timely manner through the Compliance Office. This year due to a change in the Compliance Officer, all forms were not collected. To alleviate this from happening again the athletic department will: 1. Reinforce the responsibility of the Compliance Officer to create a list of staff required to submit forms. 2. Meet with staff and department personnel to get each form signed and recorded on an Excel spreadsheet. 3. Athletic Director and Senior Associate Athletic Director for Business Affairs will set calendar reminders to meet with Compliance Officer and complete certification two weeks prior to required submission date. Athletics notes that forms for 2011 and 2012 were requested after the review and all forms were provided immediately. This is reinforcement that our procedures under normal circumstances have been followed.	Rick Villarreal, Mike Ashbaugh, Scott Hobbs	1/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	Future game guarantees are not recorded when contracts are executed.	NA	We recommend that game guarantees be recorded when the contracts are executed.	We will consult with Financial Reporting to record existing and future contracts using GAAP as a guideline for recording these amounts. The athletic department notes that in most cases the guaranteed amount in the event a scheduled contest is not played is not the same as the face value of the contract when the game is played. Again we will consult with Financial Reporting to determine the amount to be recorded.	Mike Ashbaugh	1/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	Non-cash benefits for Athletic Department Employees - When recalculating a sample of the calendar year 2012 W-2s and reviewing other supporting documentation, temporary housing benefits for several of the recently hired coaches should be evaluated for inclusion on the employees' W-2s as taxable income.	NA	We recommend that any necessary corrections be made to prior year W-2's.	The UNT System BSC agrees and will review the documentation provided by Internal Audit.	Carol McFarland, BSC Tax Accountant	3/31/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	In calendar year 2011, the tax treatment for employee cell phone allowances and cell phone purchase reimbursements was changed entity-wide to a non-taxable allowance. However, procedures have not been established requiring documentation to ensure that the cell phone expense reimbursements do not exceed the employee's actual business expense and the reimbursement is provided for the IRS required business purposes. The current cell phone allowance policies are not consistent with the current tax-treatment and practices, and need to be revised.	NA	We recommend that the Vice President for Information Technology and CIO, in conjunction with the Business Service Center, review the current tax treatment practice for cell phone allowances and cell phone purchase reimbursements, and update the cell phone policy accordingly. Additionally, policy training to cell phone allowance recipients should be provided to ensure compliance with policy requirements.	The Vice Provost for Information Technology and CIO, in conjunction with the Business Service Center and IT Shared Services, will review the current tax treatment practice for cell phone allowances and cell phone purchase reimbursements and update the cell phone policy accordingly. Further, appropriate policy training for cell phone allowance recipients will be developed to ensure compliance with policy requirements.	John Hooper, UNT Vice Provost for Information Technology and CIO	9/1/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	When recalculating a sample of the calendar year 2012 W-2s and reviewing other supporting documentation, an overstatement of wages in one employee's W-2 Box 1 wages was identified. After consulting with the Business Service Center (BSC), it was determined that a year-end adjustment was made twice for covered wages. The BSC will issue a W-2c reducing covered wages by \$1,765.93.	NA	We recommend that the Business Service Center review the current process for making year-end adjustments to all employee wages to ensure that all wages reported on the Institutions' W-2s are accurate.	The UNT System BSC agrees	Carol McFarland, BSC Tax Accountant	3/31/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	During the review of recruiting policies, it was noted that no policy manual exists, just a collection of documents. These documents did not address recruiting expenses.	NA	We recommend that policies be developed specific to recruiting expenses to assist in assuring compliance with all NCAA regulations.	The Athletic Department currently has documented procedures given to every new coach upon arrival at the University. The department currently: 1. Has a training session with each coach or staff as hired to cover policies 2. Gives each coach a NCAA Rule Book which lists all applicable rules and bylaws 3. Provides a hardcopy and online file of department policies on travel and credit card use 4. Annually test coaches on rules The athletic department agrees to review other university policy manuals to strengthen our existing policies and manuals.	Rick Villarreal, Mike Ashbaugh, Patty Wells, Becky Hall, Scott Hobbs	8/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	During the review of team travel policies, it was noted that the policies specific to team travel do not address all relevant NCAA Bylaws.	NA	We recommend that the policies be reviewed and updated to assure all significant team travel NCAA regulations are addressed.	The Athletic Department currently has documented procedures given to every new coach upon arrival at the University. The department currently: 1. Has a training session with each coach or staff as hired to cover policies 2. Gives each coach a NCAA Rule Book which lists all applicable rules and bylaws 3. Provides a hardcopy and online file of department policies on travel and credit card use 4. Annually test coaches on rules The athletic department agrees to review other university policy manuals to strengthen our existing policies and manuals.	Rick Villarreal, Mike Ashbaugh, Patty Wells, Becky Hall, Scott Hobbs	8/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	During the course of the review, we noted that detailed supporting documentation for two transactions was not available. These transactions were journal entries prepared by Athletics Department staff to move an expense into one account from another.	NA	We recommend that Athletics retain detailed supporting documentation for all journal entries.	It is not the practice of the Athletic Department to process journal entries without proper backup documentation. To ensure in the future there are no journal entries without documentation the Athletic Department agrees to do the following: 1. Require documentation review on all transactions with spot department checks. 2. The Athletic Department will follow the policy set by Financial Reporting for journal entry documentation.	Mike Ashbaugh, Troy Taylors	1/15/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	One expense was not fully supported by the supporting documentation. A travel voucher was reimbursed at \$11,306.45, however only \$9,873.34 of that expense could be matched to travel receipts. However, the documentation submitted included an explanation that there were issues with the billing from the hotel. This voucher was for hotel charges for temporary housing for new coaches. This expense was reclassified from Other Operating Expenses to Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities	NA	We recommend that only expenses that can be supported by receipts be paid. Additionally, temporary housing expenses should be handled via a purchase order.	The supporting documentation reviewed was only the partial items available at the time of the filing of the expense report. The balance of the documentation was available during the next month's expense statements. In addition, this particular bill was problematic due to a breach in normal hotel billing policies; the proper receipts and accounting were not available from the hotel. Documentation of these irregularities, including e-mails from hotel management, was attached to expense report. Concerning the travel voucher, housing was supplied and required by the Athletic Department during the recruiting period. The reclassification of expenses is a necessary process due to a number of factors both in athletics and other departments. The athletic department will conduct a review of why reclassifications were required. The athletic department will continue to reduce the number of reclassifications by: 1. Performing monthly reviews of accounts and account numbers to insure better accuracy. 2. Review changes of account numbers made once transactions leave the athletic department.	Mike Ashbaugh, Troy Taylor	5/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	Twenty-eight percent of the invoices reviewed in our samples were paid more than 30 days from the date of the invoice. Additionally, 10% of the invoices, totaling \$167,126.10, spanned two fiscal years resulting in expenses reported in the wrong financial reporting period.	NA	We recommend that the Athletics Department assure that all invoices are paid in a timely manner and that goods and services are paid and expensed in the year in which the expense occurred.	The first two bills reviewed were those with the longest pay date. Both were found to be delinquent from the company's issuing, one that had been sold 13 months ago. The athletic department intends to review each of the specified bills that were late in payment to identify where the delays are taking place in order to make sure that all bills are paid within the terms listed from the vendor. This process will take some time but will be completed by the end of March. The athletic department will immediately take the following actions: 1. Will conduct thorough review of payment process from P.O. to payment and each step in between. 2. Review and check the statement date of each bill submitted for payment. 3. Retain records of dates bills are transmitted for payment to campus or the BSC.	Mike Ashbaugh, Troy Taylor, Clara Richard	1/15/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Agreed Upon Procedures	UNT	It was noted during the course of the review that all journal template entries booked by the any UNT department, including the Athletic Department, are booked on the general ledger without inclusion and review of supporting documentation by Financial Reporting. The current process of booking journal entries is for an employee to submit a journal template to Financial Reporting for review that consists of an account type match and a budget check. It is expected that the department has and maintains the supporting documentation for every journal template entry submitted. Lack of review of supporting documentation can result in inappropriate, inaccurate journal entries and/or errors and discrepancies going undetected.	NA	We recommend that Financial Reporting develop a written standard for journal entry documentation and review the supporting documentation for journal entries.	The Controller's Office and Financial Reporting are developing a written standard for journal entry documentation that will require all submitted journals with line item amounts \$5K and above to include appropriate supporting documentation that fully explains the journal being booked to the system. Supporting documentation for journals with line item amounts less than \$5,000 will continue to be retained within the originating department in accordance with UNT's Records Management and Retention policy 10.10. This will require a culture change throughout campus and numerous training sessions.	Lee Miara, Associate Vice President for Finance and Controller	6/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNT System	As of August 31, 2013, UNT reported an investment in both agency securities and Small Business Administration (SBA's) bonds, however; UNT System Regulation 08.2000 does not include these investments as authorized investments. These investments were authorized by the policy in effect at the time of purchase. In fiscal year 2013, no new securities were purchased and future purchases are not planned. Two of the three agency securities matured in FY 2013, and one matured in September 2013.	Low	Recommended Management Action for Andrew Harris, Vice President for Finance and Administration (UNT): Assure all investments are authorized by current policy. Implementation will ensure that all investments are supported by a Board approved regulation.	Agree. The SBA investment will mature 9/25/2014. UNT will reinvest in compliance with the current investment regulations.	Jean Bush, Sr. Associate VP for Finance	9/25/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNT System	UNT System, UNT, and UNT Dallas do not have fully executed bank depository agreements with Wells Fargo. The bank depository agreement with Wells Fargo expired August 31, 2013. A draft agreement has been completed, but the agreement has not been finalized and executed.	High	Recommendation for Allen Clemson, Vice Chancellor for Administration and Chief of Staff (UNT System), Andrew Harris, Vice President for Finance (UNT), and Carlos Hernandez, Vice President of Finance and Administration/CFO (UNT Dallas): Finalize the UNT System, UNT, and UNT Dallas Bank Depository Agreements with Wells Fargo. Implementation will help ensure that Board of Regents expectations are met, bank deposits are safeguarded, and any favorable terms are in force.	UNT Response: Although the written agreement between Wells Fargo bank and UNT expired in 2013, the parties have continued to operate under the existing agreement with the same terms until the new contract can be finalized. Management will continue to work with the Office of the General Counsel to finalize the written agreement and expects to have a newly executed agreement by April 1, 2014. UNT Dallas Response: Agree. Management will continue to work with the Office of the General Counsel to finalize the written agreement and expects to have a newly executed agreement by UNT System Response: Agree. Bring closure to all unresolved issues and finalize depository agreements.	UNT: Allen Clemson, Vice Chancellor for Administration UNT Dallas :Carlos Hernandez, Vice President for Finance and Administration/CFO – UNTD UNT System: Alan Stucky	4/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNT System	The Investment Portfolio Summary graph reported in the UNT the Quarterly Investment Report for the period ending May 31, 2013 was not accurate. Additionally the earned income figure should have been \$148,566.64 versus the \$304, 933.53 reported.	Low	Recommended Management Action for Andrew Harris, Vice President for Finance and Administration (UNT): Review the UNT Quarterly Investment Report to assure the accuracy of information prior to the issuance of the quarterly report to the Board of Regents and posting of the report on the institution's investment disclosure website. Implementation will ensure that the information reported on a Quarterly Investment Reports is complete and accurate.	Agree. A correction to the May 31, 2013 quarterly investment report will be included with the next presentation of quarterly investment reports for the Board of Regents.	Jean Bush, Sr. Associate VP for Finance	5/20/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNT System	A report of investment performance over the course of the year was not submitted to the Board of Regents at its first regularly scheduled board meeting following the end of the fiscal year as required by System Regulation 08.2000.	Moderate	Recommended Management Action for Allen Clemson, Vice Chancellor for Administration and Chief of Staff (UNT System): At the end of each fiscal year, prepare and submit a report of investment performance for the year to the UNT System Board of Regents at its first regularly scheduled board meeting following the end of the fiscal year. Implementation will assure compliance with UNT System Regulation, 08.2000.	UNT System Response: Agree. Submit a report of investment performance at the Board of Regents first regularly scheduled board meeting following the end of the fiscal year. Expected Implementation Date: Immediately	Carolyn Whitlock	2/7/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNTHSC	UNTHSC did not include disclosure of an external investment advisor in response to the SAO's disclosure requirement question. UNTHSC answered "no" to the question "Does the institution employ outside investment advisors or managers." However, the response should be revised to yes, since the UNTHSC uses the UNTHSC Foundation for management of its endowment funds.	Moderate	Recommended action for Senior Vice President of Finance and Chief Finance Officer: Update the UNTHSC website investment disclosure to document use of an external advisor or managers pertaining to the use of the independent UNTHSC Foundation as an external investment advisor or manager. Compliance will ensure that regulatory reporting requirements are met and responses to requires questions have been properly noted.	Management agrees with recommendation. Management will update its website investment disclosures to reflect that UNTHSC uses and external advisor/manager, the UNTHSC Foundation, for management of some endowment funds.	Geoffrey Scarpelli, Controller and Chief Budget Officer	2/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNTHSC	The first three quarterly investment reports for fiscal year 2013 were not published to the intuition's website within the timeframe required by the SAO. The quarterly investment reports for November 30, 2012, February 28, 2013, and May 31, 2013 were not published to the intuition's website until November 7, 2013. The SAO requires that quarterly reports be published on the institution's website within 90 days of the end of the quarter or 7 days after the investment report is presented to the Board, whichever occurs first. The August 31, 2013 quarterly report was published within SAO guidelines.	Low	Recommended action for Director of Financial Reporting: Publish Quarterly Investment Reports to the institutions website within 90 days after the end of the quarter or 7 days after the investment report is presented to the Board, whichever occurs first. Implementation will help ensure transparency and that SAO reporting requirements are met.	Management agrees with recommendation. Management will implement procedures to ensure that Quarterly Investment Reports are published to the institution's website within 90 days of the end of the quarter or 7 days after the report is presented to the Board, whichever occurs first. Expected Implementation Date: Previously Implemented. Individual Responsible for Implementation: Geoffrey Scarpelli, Controller and Chief Budget Officer	Geoffrey Scarpelli, Controller and Chief Budget Officer	2/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNTHSC	UNTHSC Annual Tracking Report for Investment Reporting for fiscal year 2012 was not submitted within the timeframe required by the SAO. The Annual Tracking Report for Investment Reporting sends investment website locations to the SAO. For fiscal year 2012, the report was not submitted to the SAO until February 1, 2013. The fiscal year 2013 annual tracking report was submitted on December 11, 2013.	Low	Recommended action for Director of Financial Reporting: Send the Annual Tracking Report for Investment Reporting to the SAO by December 31 of each year. Implementation will help ensure that Rider 5 reporting requirements are met.	Management agrees with recommendation. Management will implement procedures to ensure that the Annual Tracking Report for Investment Reporting is submitted to the SAO by December 31st of each year. Expected Implementation Date: Previously Implemented Individual Responsible for Implementation: Geoffrey Scarpelli, Controller and Chief Budget Officer	Geoffrey Scarpelli, Controller and Chief Budget Officer	2/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNTHSC	UNTHSC does not have a current executed bank depository agreement with JPMorgan Chase. The current depository for UNTHSC is JPMorgan Chase. The bank depository agreement with JPMorgan Chase expired on August 31, 2012. The expired agreement states: "The term may be extended until such time as the successor shall have been duly selected and qualified, such extension not to exceed 60 days." According to the Chief Finance Officer of UNTHSC, a draft agreement has been completed, but the agreement has not been executed.	High	Recommended action for Senior Vice President of Finance and Chief Finance Officer: 4. Finalize and fully execute the UNTHSC Bank Depository Agreement with JPMorgan Chase. Implementation will help ensure that BOR expectations are met, bank deposits are safeguarded, and any favorable terms are in force.	Management agrees with recommendation. Although the written agreement between J.P. Morgan Chase Bank expired in 2012, the parties have continued to operate under the agreement with the same terms until the new contract can be finalized. Management will continue to work with the Office of General Counsel to finalize the written agreement.	John A. Harman, Senior Vice President for Finance and CFO	4/1/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNTHSC	UNTHSC does not have a Management Agreement with the UNTHSC Foundation to manage UNTHSC Medical Professional Liability Self-Insurance Funds. UNTHSC has an executed management agreement with the UNTHSC Foundation for the management of institutional tobacco funds, but this agreement does not include the management of Medical Professional Liability Self-Insurance Funds.	Moderate	Recommended action for Senior Vice President of Finance and Chief Finance Officer: Execute a new exhibit to the current agreement with the UNTHSC Foundation to include the management of Medical Professional Liability Self-Insurance Funds. Implementation will help ensure that Medical Professional Liability Self-Insurance Funds are adequately safeguarded and invested.	Management agrees with recommendation. Prior to January 17, 2014 an Exhibit did not exist. However, management executed Exhibit C to the Investment Management Agreement between the UNTHSC and the UNTHSC Foundation on January 17th for the management of the Medical Professional Liability Self-Insurance Funds. The change in institutional Finance leadership in early FY2013 may have contributed to the delay in submittal since funds were initially invested with the Foundation prior to the transition in leadership.	John A. Harman, Senior Vice President for Finance and CFO	2/7/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	FY 2013 Investments Review Audit	UNTHSC	Signatory authority for the former UNTHSC Vice President of Finance and CFO was not removed from the bank account until ten months after he left his position. The former Vice President of Finance and CFO for UNTHSC remained with signatory authority over ten months while not in a role to warranting that authority.	Low	Recommended actions for Controller and Chief Budget Officer: Develop a process to ensure that banking signatory authority cards are updated immediately to accurately reflect changes to personnel and only individuals with proper authority are active. Implementation will help ensure funds are adequately safeguarded and controlled.	Management agrees with recommendation. Management will work with system business service center and commercial banking personnel to ensure that banking signature cards submitted for changes in authorized personnel are updated in the electronic signature system in a timely fashion and only individuals with proper authority are active.	Geoffrey Scarpelli, Comptroller and Chief Budget Officer	3/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Information Technology	UNT Health NextGen EPM Post-Implementation Review	UNTHSC	During the prior administration, contract Amendments required for the NextGen EPM System functionality totaling more than \$1.02 million were approved and executed internally, but without the consent of UNT System Board of Regents. The NextGen EPM system implementation included two original contract amendments. The two contract amendments were presented and approved by the Board of Regents on May 12, 2011 in the amount of \$2.45 Million (\$2 Million for professional services and \$450,000 for hardware and infrastructure). Beginning on January 20, 2012, the first of an additional 17 contract amendments totaling \$1,058,112 were approved and executed due to the unforeseen need to 1) implement a separate bill center for Correctional Medicine and 2) additional applications licenses related to medical student and resident activity. Each individual contract amendment was approved and executed by the management of UNTHSC leadership; however, no additional approval or Board Order was provided to the Board of Regents noting the additional amendments and cost.	High	Recommendations for the current Senior Vice President for Finance and CFO: Ensure procedures are established for the new UNTHSC Administration to ensure approval of the UNT System Board of Regents related to Regents Rules requiring Board approval for all purchases exceeding \$1 million. Implementation will provide assurance that the Board of Regents are aware of and approve all contract amendments related to projects that in aggregate total more than \$1 million.	Management agrees. Additional contract amendments were executed over an eleven month period that in total exceeded \$1M. This was necessary to expand functionality and include the Correctional Medicine practice which was not envisioned in the original project scope. Management will develop a written procedure to be followed by all areas of the institution and, in support of Regents Rule 3.9, that reinforces the importance of management fully evaluating project scope and related estimated expenditures for contracted services. If, subsequent to Board approval, project scope is materially expanded or enhanced by an amount or cumulative amounts exceeding \$1M, management will inform the Board and seek advance approval where required.	John A. Harman- Senior Vice President for Finance and CFO	6/1/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Information Technology	UNT Health NextGen EPM Post-Implementation Review	UNTHSC	<p>Access privileges to the UNTHSC network and NextGen EPM system were not immediately disabled when users terminate their employment from the UNT Health. The NextGen EPM system is used by UNT Health for patient scheduling, reporting, and claims management including billing and payment posting. Both a UNTHSC network account and EPM user account are required in order to access the system.</p> <p>A review of active NextGen EPM user accounts in August 2013 revealed the following:</p> <ul style="list-style-type: none"> • Five active NextGen EPM user accounts were for users that were no longer employed by UNT Health. • Five active NextGen EPM user accounts were for former residents no longer working at UNT Health. <p>Further testing of the corresponding network accounts identified the following:</p> <ul style="list-style-type: none"> • Six network accounts, including four employees and two residents, were active. Dates of termination for these employees ranged from December 2012 to June 2013. • Two network accounts, including one employee and one resident, were disabled within two and three months of termination. • Two network accounts, including one employee and one resident, were immediately disabled. 	Moderate	<p>Recommendations for the Director, Process Improvement:</p> <p>Develop and implement a termination checklist for supervisors' that includes a step to notify Information Technology and Records and Information Management of a user's termination so network access can be disabled immediately.</p>	<p>What Action Management Commits To Do:</p> <p>1. A termination checklist for UNTHSC Clinic Supervisors that includes notification to terminate a user's NextGen access and network access will be created and distributed.</p> <p>UNT Health has also approved the implementation of the following to address the recommendations above:</p> <p>1. NextGen has been configured to disable a user that has not logged into NextGen within a 30 day time period. these scenarios require intervention/review by the HIM Security Division.</p>	Jolie Allen, Director, Process Improvement, UNT Health Steve Woodall, Director, Records and Information Management	5/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Information Technology	UNT Health NextGen EPM Post-Implementation Review	UNTHSC	<p>Access privileges to the UNTHSC network and NextGen EPM system were not immediately disabled when users terminate their employment from the UNT Health. The NextGen EPM system is used by UNT Health for patient scheduling, reporting, and claims management including billing and payment posting. Both a UNTHSC network account and EPM user account are required in order to access the system.</p> <p>A review of active NextGen EPM user accounts in August 2013 revealed the following:</p> <ul style="list-style-type: none"> • Five active NextGen EPM user accounts were for users that were no longer employed by UNT Health. • Five active NextGen EPM user accounts were for former residents no longer working at UNT Health. <p>Further testing of the corresponding network accounts identified the following:</p> <ul style="list-style-type: none"> • Six network accounts, including four employees and two residents, were active. Dates of termination for these employees ranged from December 2012 to June 2013. • Two network accounts, including one employee and one resident, were disabled within two and three months of termination. • Two network accounts, including one employee and one resident, were immediately disabled. 	Moderate	<p>Recommendations for the Director, Process Improvement:</p> <p>Submit notifications to deactivate network access for active EPM users who are no longer employed with UNT Health.</p>	<p>What Action Management Commits To Do:</p> <p>2. Network access for users who are no longer employed has already been deactivated.</p> <p>UNT Health has also approved the implementation of the following to address the recommendations above:</p> <p>2. NextGen also forces a user to change their password after 120 days. If the password is not changed, the account locks and disables the user from logging in. (This follows the network security protocol as well.) these scenarios require intervention/review by the HIM Security Division.</p>	Jolie Allen, Director, Process Improvement, UNT Health Steve Woodall, Director, Records and Information Management	5/15/2014	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2014	Information Technology	UNT Health NextGen EPM Post-Implementation Review	UNTHSC	<p>Access privileges to the UNTHSC network and NextGen EPM system were not immediately disabled when users terminate their employment from the UNT Health. The NextGen EPM system is used by UNT Health for patient scheduling, reporting, and claims management including billing and payment posting. Both a UNTHSC network account and EPM user account are required in order to access the system.</p> <p>A review of active NextGen EPM user accounts in August 2013 revealed the following:</p> <ul style="list-style-type: none"> • Five active NextGen EPM user accounts were for users that were no longer employed by UNT Health. • Five active NextGen EPM user accounts were for former residents no longer working at UNT Health. <p>Further testing of the corresponding network accounts identified the following:</p> <ul style="list-style-type: none"> • Six network accounts, including four employees and two residents, were active. Dates of termination for these employees ranged from December 2012 to June 2013. • Two network accounts, including one employee and one resident, were disabled within two and three months of termination. • Two network accounts, including one employee and one resident, were immediately disabled. 	Moderate	<p>Recommendations for the Director, Records and Information Management:</p> <p>Update the UNT Health NextGen User Request Form to include a field for expiration dates.</p>	<p>What Action Management Commits To Do:</p> <p>3. The UNTHSC NextGen User Request form will include a field for an expiration date which will be filled in for those users who are given authorized access for a limited period of time.</p>	<p>Jolie Allen, Director, Process Improvement, UNT Health</p> <p>Steve Woodall, Director, Records and Information Management</p>	5/15/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Information Technology	UNT Health NextGen EPM Post-Implementation Review	UNTHSC	<p>Access privileges to the UNTHSC network and NextGen EPM system were not immediately disabled when users terminate their employment from the UNT Health. The NextGen EPM system is used by UNT Health for patient scheduling, reporting, and claims management including billing and payment posting. Both a UNTHSC network account and EPM user account are required in order to access the system.</p> <p>A review of active NextGen EPM user accounts in August 2013 revealed the following:</p> <ul style="list-style-type: none"> • Five active NextGen EPM user accounts were for users that were no longer employed by UNT Health. • Five active NextGen EPM user accounts were for former residents no longer working at UNT Health. <p>Further testing of the corresponding network accounts identified the following:</p> <ul style="list-style-type: none"> • Six network accounts, including four employees and two residents, were active. Dates of termination for these employees ranged from December 2012 to June 2013. • Two network accounts, including one employee and one resident, were disabled within two and three months of termination. • Two network accounts, including one employee and one resident, were immediately disabled. 	Moderate	<p>Recommendations for the Director, Records and Information Management:</p> <p>Provide training to supervisory personnel regarding the updated UNT Health NextGen User Request Form and process. Implementation will provide assurance that network and NextGen EPM user accounts are immediately disabled and active NextGen EPM users are current employees and residents.</p>	<p>What Action Management Commits To Do:</p> <p>4. Training will be provided to UNTHSC supervisors regarding the changes made to and the purpose of the UNTHSC NextGen User request Form and process.</p>	<p>Jolie Allen, Director, Process Improvement, UNT Health</p> <p>Steve Woodall, Director, Records and Information Management</p>	5/15/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Information Technology	UNT Health NextGen EPM Post-Implementation Review	UNTHSC	<p>Access privileges to the UNTHSC network and NextGen EPM system were not immediately disabled when users terminate their employment from the UNT Health. The NextGen EPM system is used by UNT Health for patient scheduling, reporting, and claims management including billing and payment posting. Both a UNTHSC network account and EPM user account are required in order to access the system.</p> <p>A review of active NextGen EPM user accounts in August 2013 revealed the following:</p> <ul style="list-style-type: none"> • Five active NextGen EPM user accounts were for users that were no longer employed by UNT Health. • Five active NextGen EPM user accounts were for former residents no longer working at UNT Health. <p>Further testing of the corresponding network accounts identified the following:</p> <ul style="list-style-type: none"> • Six network accounts, including four employees and two residents, were active. Dates of termination for these employees ranged from December 2012 to June 2013. • Two network accounts, including one employee and one resident, were disabled within two and three months of termination. • Two network accounts, including one employee and one resident, were immediately disabled. 	NA	NA	<p>What Action Management Commits To Do:</p> <p>5. The Chief Compliance and Risk Management Officer and the Director of IT Infrastructure and Security will conduct a review of the process in UNTHSC of deactivating a user's access to the EPM /NextGen and the network once the user is no longer authorized to access those systems or other UNTHSC network resources. If needed, changes in the process will be implemented in addition to the changes outlined in this Action Plan. Implementation oversight for any changes recommended will be provided by the Dean of TCOM/Interim Chief Medical Officer for UNT Health. Since the audit, UNT Health has also approved the implementation of the following to address the recommendations above:</p>	Anthony Tissera, Director of IT Infrastructure and Security Anne E. Long, Chief Compliance and Risk Management Officer Dr. Don Peska, Dean – TCOM and Interim Chief Medical Officer - UNT Health	7/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Approval of Incidental Fees Review	UNTHSC	<p>UNTHSC does not have documentation in place to formally delegate authority for approval and review of incidental fees.</p> <p>The incidental fees at UNTHSC are split into three different categories: course fees, library fines, and all other incidental fees. Each category of incidental fees currently has its own approval process. The following are the results of testing for each category tested.</p> <p>Of the 20 course fees tested:</p> <ul style="list-style-type: none"> • Eight were appropriately approved by the BOR. • Ten were approved by the Provost without any formal delegation of authority from the President. • Two did not have approval documentation available. • Ten have not been reaffirmed since 1993. <p>Of the seven library fees tested:</p> <ul style="list-style-type: none"> • All seven were approved by the Library Director without any formal delegation of authority from the President. • Library fines were reviewed annually. <p>Of the 29 other incidental fees tested:</p> <ul style="list-style-type: none"> • Twenty-four were appropriately approved by the President. • Five did not have approval documentation available. 	Moderate	<p>Recommendations for Vice President of Administration & Chief of Staff:</p> <p>If the President elects to delegate authority to approve incidental fees, ensure appropriate documentation is in place to evidence such delegation. Further guidelines should also be documented outlining how often incidental fees are reviewed and reaffirmed.</p>	<p>Management Agrees. Management commits to work with the President and Provost to develop proper documentation of delegation of approval of incidental fees to the Provost from the President. In addition, Management will also develop and implement appropriate guidelines to ensure the required review and reaffirmation process occurs in compliance with state law and Regents Rules.</p> <p>Additional Comments: Once made aware of this compliance issue and prior to completion of this audit, the Provost's Office re-established procedures to ensure that incidental fees are being approved appropriately by the President until further documentation is developed.</p>	Jennifer Treviño, Vice President of Administration & Chief of Staff	7/1/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Approval of Incidental Fees Review	UNTHSC	<p>UNTHSC does not have documentation in place to formally delegate authority for approval and review of incidental fees.</p> <p>The incidental fees at UNTHSC are split into three different categories: course fees, library fines, and all other incidental fees. Each category of incidental fees currently has its own approval process. The following are the results of testing for each category tested.</p> <p>Of the 20 course fees tested:</p> <ul style="list-style-type: none"> •Eight were appropriately approved by the BOR. •Ten were approved by the Provost without any formal delegation of authority from the President. •Two did not have approval documentation available. •Ten have not been reaffirmed since 1993. <p>Of the seven library fees tested:</p> <ul style="list-style-type: none"> •All seven were approved by the Library Director without any formal delegation of authority from the President. •Library fines were reviewed annually. <p>Of the 29 other incidental fees tested:</p> <ul style="list-style-type: none"> •Twenty-four were appropriately approved by the President. •Five did not have approval documentation available. 	Moderate	<p>Recommendations for Vice President of Administration & Chief of Staff:</p> <p>Review all incidental fees to ensure appropriate approval and supporting documentation is in place. Implementation will help ensure that all incidental fees are properly approved in accordance to state law, and reviewed and reaffirmed periodically.</p>	<p>Management Agrees. Management commits to work with the President and Provost to develop proper documentation of delegation of approval of incidental fees to the Provost from the President. In addition, Management will also develop and implement appropriate guidelines to ensure the required review and reaffirmation process occurs in compliance with state law and Regents Rules.</p> <p>Additional Comments: Once made aware of this compliance issue and prior to completion of this audit, the Provost's Office re-established procedures to ensure that incidental fees are being approved appropriately by the President until further documentation is developed.</p>	Jennifer Treviño, Vice President of Administration & Chief of Staff	7/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Anatomical Lab Review Audit	UNTHSC	<p>Required forms and fees were not processed to the SAB. Additionally, documentation was not retained or updated to evidence the Annual Cadaver and Use Report was filed for the period ended July 31, 2013. For four of the 18 files reviewed, a Form A indicating receipt of a donor cadaver had not been filed and the \$8 SAB fee had not been remitted to the SAB. These donors were received in the lab during January 2013. Additionally, the Department did not retain a copy of the Annual Cadaver and Use Report filed with the SAB for the period ended July 31, 2013. Internal Audit could not confirm that the report was filed or was filed in a timely manner.</p>	Moderate	<p>Recommendations for the Director of Anatomical Services:</p> <p>Review donor records to ensure that all required forms and fees have been filed and submitted for all donors to the SAB.</p>	<p>Management agrees. A procedure plan is in the process of being created to address the SAB Coordination. Additionally, going forward a confirmation from the SAB will be obtained to evidence receipt of all required reports and will maintain copies of all documents filed with the SAB.</p>	Robin Belcher, Director of The Willed Body Program	9/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Anatomical Lab Review Audit	UNTHSC	<p>Required forms and fees were not processed to the SAB. Additionally, documentation was not retained or updated to evidence the Annual Cadaver and Use Report was filed for the period ended July 31, 2013. For four of the 18 files reviewed, a Form A indicating receipt of a donor cadaver had not been filed and the \$8 SAB fee had not been remitted to the SAB. These donors were received in the lab during January 2013. Additionally, the Department did not retain a copy of the Annual Cadaver and Use Report filed with the SAB for the period ended July 31, 2013. Internal Audit could not confirm that the report was filed or was filed in a timely manner.</p>	Moderate	<p>Recommendations for the Director of Anatomical Services:</p> <p>Develop a process to ensure forms and fees are processed with the SAB and recorded properly</p>	<p>Management agrees. A procedure plan is in the process of being created to address the SAB Coordination. Additionally, going forward a confirmation from the SAB will be obtained to evidence receipt of all required reports and will maintain copies of all documents filed with the SAB.</p>	Robin Belcher, Director of The Willed Body Program	9/1/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Anatomical Lab Review Audit	UNTHSC	Required forms and fees were not processed to the SAB. Additionally, documentation was not retained or updated to evidence the Annual Cadaver and Use Report was filed for the period ended July 31, 2013. For four of the 18 files reviewed, a Form A indicating receipt of a donor cadaver had not been filed and the \$8 SAB fee had not been remitted to the SAB. These donors were received in the lab during January 2013. Additionally, the Department did not retain a copy of the Annual Cadaver and Use Report filed with the SAB for the period ended July 31, 2013. Internal Audit could not confirm that the report was filed or was filed in a timely manner.	Moderate	Recommendations for the Director of Anatomical Services: Obtain confirmation with the SAB to evidence their receipt of all required reports such as the Annual Cadaver and Use Report. Maintain copies of all documents filed with the SAB. Implementation will provide assurance that SAB forms, fees and reports are filed for each donor.	Management agrees. A procedure plan is in the process of being created to address the SAB Coordination. Additionally, going forward a confirmation from the SAB will be obtained to evidence receipt of all required reports and will maintain copies of all documents filed with the SAB.	Robin Belcher, Director of The Willed Body Program	9/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Anatomical Lab Review Audit	UNTHSC	Unauthorized individuals have card key access to the Laboratory and Embalming Room. As of January 30, 2014, the list of individuals with authorized card access to the Embalming room (RES 228) was 303 and the Gross Anatomy Lab (RES 242) was 2,380. Based on the review performed by the Department and Internal Audit of these lists, it was determined that there were 176 unauthorized users for the Embalming room and 1,839 unauthorized users for the Gross Anatomy Lab.	Moderate	Recommended action for the Director of Anatomical Services and Chair of Integrative Physiology: Remove access to the Laboratory and Embalming Room where bodies and anatomical specimens are held for unauthorized individuals.	Management agrees to review the Access List immediately and at the end of each semester, and send a list to Campus Police of individuals who need to have their badge access deactivated.	Sandra Clapp, Sr. Administrative Coordinator.	5/30/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Anatomical Lab Review Audit	UNTHSC	Unauthorized individuals have card key access to the Laboratory and Embalming Room. As of January 30, 2014, the list of individuals with authorized card access to the Embalming room (RES 228) was 303 and the Gross Anatomy Lab (RES 242) was 2,380. Based on the review performed by the Department and Internal Audit of these lists, it was determined that there were 176 unauthorized users for the Embalming room and 1,839 unauthorized users for the Gross Anatomy Lab.	Moderate	Recommended action for the Director of Anatomical Services and Chair of Integrative Physiology: Develop a process to periodically review the lists of individuals with Laboratory and Embalming Room access and remove unauthorized individuals. Implementation will provide assurance that only authorized individuals have access to the laboratories.	Management agrees to review the Access List immediately and at the end of each semester, and send a list to Campus Police of individuals who need to have their badge access deactivated.	Sandra Clapp, Sr. Administrative Coordinator.	5/30/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Anatomical Lab Review Audit	UNTHSC	The Department did not perform an informal bid process for selecting a vendor to perform crematorium services during the review period. The Department did not perform an informal bid process to obtain cremation services during the period under review. The Department has used the same vendor for many years.	Low	Recommendation for the Director of Anatomical Services: The Department should proceed through an informal bid process for crematorium services. Implementation will provide assurance that UNTHSC obtains the best value for services purchased and compliance with the UNTHSC Purchasing Guidelines.	Management agrees. At least 3 informal bids will be requested before issuing contract.	Robin Belcher, Director of The Willed Body Program	9/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Anatomical Lab Review Audit	UNTHSC	The Department does not have written policies and procedures for its operations including maintenance or records and for the proper disposal non-return cremains. The files and spreadsheets maintained by the Department noted many items that were incomplete and not updated in a timely manner. It was noted in 8 of 18 files in our sample that the donor checklist forms were not always fully completed or updated. Many were missing dates, for example, date of cremation, return of cremains, and cremains received by/sent were often not updated in the files. Some of the same items were noted in the spreadsheets maintained by the Department. The Department is currently storing non-return cremains in a storage cabinet.	Low	Recommendation for the Director of Anatomical Services: In consultation with the Office of General Counsel, develop policies and written processes for all processes of the Department including maintenance of records and for the proper disposal of non-return cremains. Implementation of written procedures will provide for consistency and guidance with Departmental processes.	Management agrees. A Policy and Procedures document is being created.	Robin Belcher, Director of The Willed Body Program.	9/1/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	Anatomical Lab Review Audit	UNTHSC	The Department does not maintain an inventory of anatomical specimens. The Department does not maintain an inventory of anatomical specimens. Anatomical specimens are removed from donors and retained in labeled boxes, in the lab, for teaching purposes. They are not numbered with the donors SAB number and can be retained in the lab after the donor has been cremated. Specimens are cremated when they are no longer usable. The remains are not returned.	Low	Recommended action for the Director of Anatomical Services: Consider maintaining an inventory of anatomical specimens that contains an item number, date specimen retained, description and location. Implementation will provide assurance that the Department has a record of anatomical specimens.	Management agrees. A spread sheet will be created to document specimens and their locations. A form will be created for each specimen with a description and columns for: Date of check out, Name of person checking out, Date of check in, Name of person checking specimen back in.	Robin Belcher, Director of The Willed Body Program and Sandra Clapp, Sr. Administrative Coordinator.	7/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Bank Account Authorization Review Audit	UNT System	A policy has not been established requiring executive level approval of checks exceeding a set monetary threshold.	High	Recommended action for the Vice Chancellor for Finance: Create a formal UNT System regulation or policy requiring executive level review and signature of checks for all transactions exceeding an established dollar threshold.	Management concurs with the recommendation to create a formal UNT System regulation requiring executive level review and signature of checks for all transactions exceeding an established dollar threshold. Management has assigned resources to begin the research and development of this policy and will quickly develop drafts for leadership review and approval. The Vice Chancellor for Finance will immediately establish an interim policy that will require the signature of the appropriate VC/VP for Finance on any check equal to or greater than \$500,000 and the Chancellor/President for checks equal to or greater than \$1,000,000.	VC for Finance	7/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Bank Account Authorization Review Audit	UNT System	Employees with signature card authority also have access to alter the general ledger through the ability to process journal entries within the EIS PeopleSoft system. Internal Audit noted three instances where an authorized signer on the UNT general fund account and payroll account also had the authority to create and approve journal entries directly in the system.	High	Recommended actions for the Vice Chancellor for Finance: Review all current employees with bank signature authority and confirm appropriate segregation of duties exist.	Management concurs with the recommendation to review all current employees with bank signature authority and confirm appropriate segregation of duties exist. Immediate review is being completed in high priority areas with action being taken as warranted. A comprehensive review has also begun that will address all areas. An interim policy is being immediately established that the System Treasurer will be responsible for adding and deleting all bank signatory authority. This immediate provision will include scheduled inventory and segregation of duties.	VC for Finance	7/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Bank Account Authorization Review Audit	UNT System	The removal of signatory authority access for terminating employees from University bank accounts was not completed timely. Of the nine employees that left their signatory role during fiscal year 2013, five were not removed immediately from University bank accounts. Three employees were removed within two weeks. Additional review of the two remaining employees revealed the following: • One UNT employee remained with signatory authority over two years after retiring from the University. • One HSC employee held signature authority for over ten months while not in a role to warrant that authority, as also identified in the recent Fiscal Year 2013 Investment Review (Audit No. 14-002 HSC).	High	Recommended actions for the Vice Chancellor for Finance: Develop a process to ensure that banking signatory authority cards are updated immediately to accurately reflect personnel changes and only individuals with current fiduciary responsibility have bank signatory authority.	Management concurs with the recommendations that bank signatory authority is kept up to date and there is a policy created that specifies who will ensure they remain current at all times.	VC for Finance	7/1/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Bank Account Authorization Review Audit	UNT System	The removal of signatory authority access for terminating employees from University bank accounts was not completed timely. Of the nine employees that left their signatory role during fiscal year 2013, five were not removed immediately from University bank accounts. Three employees were removed within two weeks. Additional review of the two remaining employees revealed the following: <ul style="list-style-type: none"> • One UNT employee remained with signatory authority over two years after retiring from the University. • One HSC employee held signature authority for over ten months while not in a role to warrant that authority, as also identified in the recent Fiscal Year 2013 Investment Review (Audit No. 14-002 HSC). 	High	Recommended actions for the Vice Chancellor for Finance: Implement a System-wide policy specifying a responsible party to monitor University bank accounts for the prompt removal of individuals who no longer would have authorized banking signatory authority.	Management concurs with the recommendations that bank signatory authority is kept up to date and there is a policy created that specifies who will ensure they remain current at all times.	VC for Finance	7/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Bank Account Authorization Review Audit	UNT System	UNT System, UNT, and UNT Dallas were not compliant with the records retention requirements outlined in 13 Tex. Admin. Code § 6.10 by not retaining historical signature cards. Signature cards for UNT, UNT Dallas, and UNT System bank accounts are shredded once they are superseded and not retained by UNT Financial Reporting personnel as required by the TAC.	Moderate	Recommended actions for the Vice Chancellor for Finance: Establish a process to ensure retention of signature cards, once superseded, through the end of the fiscal year and an additional three years in accordance with the state record retention requirements.	Management concurs with the recommendation and will ensure that policies, procedures, and processes are in place along with adequate staff training to retain records in compliance with The Texas State Records Retention Schedule.	VC for Finance	7/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Bank Account Authorization Review Audit	UNT System	The Office of Financial Reporting & Operations discovered a University bank account which was being maintained at the department-level. In May of 2013, the UNT Financial Reporting personnel discovered the UNT's Federal Perkins Loans bank account was being managed in the Student Financial Aid and Scholarships Office.	Moderate	Recommended actions for the Vice Chancellor for Finance: Develop a UNT System policy that documents the authority and requirements to establish, maintain, update, and close bank accounts, which includes: <ul style="list-style-type: none"> • An annual confirmation verifying directly with the bank, all bank accounts bearing the name University of North Texas in their title, listed as their customer, or with a UNT tax ID number, and • A statement of where each entity's signature cards and policy statements are to be maintained. 	Management concurs with the recommendation to develop a policy that documents the authority and requirement to establish, maintain, update, and close bank accounts. The policy will be comprehensive and not only address items presented in recommendation 6 but those policy matters presented above.	VC for Finance	7/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	Chancellor's and Presidents' Reviews Audit	All components	Certain services over a several year period provided to or paid on behalf of the former UNT President qualify as a non-cash fringe benefit and may be subject to taxation under Internal Revenue Code. Services provided to or paid on behalf of the President include rent, electricity, water and waste services, automobile, automobile insurance, lawn service, maid service, NTTA toll service, and residential telephone service among others.	High	It is recommended that the Associate Vice Chancellor for Business Services: Coordinate with the Office of General Counsel to evaluate whether certain services provided to or paid on behalf of the former UNT President qualify as fringe benefits subject to taxation under the Internal Revenue Code (IRC) and amend any prior period tax reporting, as required. Implementation will ensure compliance with Internal Revenue Code.	The UNT System Business Service Center agrees with the recommendation. The UNT System Business Service Center will coordinate with the UNTS Office of General Counsel to evaluate any taxation required for the services provided to or on behalf of the former UNT President. If required, a W-2C will be issued to the individual and the IRS for each calendar year as necessary.	Carol McFarland, Tax Accountant	5/30/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	Chancellor's and Presidents' Reviews Audit	All components	Policies do not specifically require itemized business meal receipts in accordance with IRS requirements. Some of the receipts submitted for reimbursement of business meals were not itemized and did not identify the number of meals provided or the number of individuals served on the vendor receipt. However, in accordance with institutional policies, the Chancellor's and Presidents' Offices noted the names of the individuals that were served.	Moderate	<p>It is recommended that the Associate Vice Chancellor for Business Services:</p> <p>In coordination with the Business Services Operations Committee, develop and implement a comprehensive system-wide travel and expense policy that includes a requirement that individuals seeking reimbursement for business meals to submit itemized meal receipts from the vendor that either lists the meals or the number of individuals served in support of reimbursement requests. Further, this travel and expense policy should be comprehensive and ensure compliance with all IRS requirements for travel and expenditure reimbursements. Implementation of a requirement that itemized receipts for business meals be included with all reimbursement requests should assure any tax issues related to business meals are addressed and it will assure that only allowable expenses are processed against certain fund types. Further, implementation will outline all IRS requirements for travel and expenditure reimbursements.</p>	<p>The UNT System Business Service Center agrees with the recommendation.</p> <p>The BSC has submitted a draft travel management policy to the UNT System Administration for review.</p> <p>The standardized procedures outlining receipt requirements for business meals and meals while in a travel status will be updated in the Purchasing Guidelines and Travel Guidelines published on the BSC website to reflect this requirement.</p>	Debbie Reynolds, Executive Director of Procurement Services	5/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT) Audit	UNTHSC & UNT	<p>Fifteen areas were reviewed for compliance with CPRIT guidelines and institutional policies at UNTHSC and UNT. Exceptions were noted in the five areas below:</p> <p>1. Reimbursement and Expenditure Reporting Seven of 26 quarterly financial status reports reviewed were not submitted by UNTHSC within 90 days of the quarter covered as required.</p> <p>2. Grant Closeout The final financial status report for UNTHSC grant RP101399 was submitted 122 days after the grant end date and not within 90 days as required.</p> <p>3. Expenditures For the grants under review, non-travel expenditures totaling \$110,111 were reviewed (or 59% of the total population: \$187,227), as well as travel expenditures totaling \$44,607 (or 100% of the population). The following results were noted from the testing:</p> <p>A. Non-travel labor charges for one temporary employee selected for testing totaling \$2,414 on UNTHSC grant PP100195 could not be substantiated via supporting documentation. Subsequently, Internal Audit tested the additional \$2,044 of temporary labor charges for this temporary employee during the testing period and was not able to substantiate them via supporting documentation.</p> <p>B. A review of non-travel expenditures for UNTHSC</p>	Moderate	<p>Recommendations for AVP of Research Administration at UNTHSC:</p> <p>Evaluate and improve the process for notifying:</p> <p>a) Principal Investigators of upcoming due dates, and</p> <p>b) Administration personnel when due dates have passed and a report has not been filed.</p> <p>Implementation will provide assurance that grant conditions for reporting requirements and allowable</p>	<p>Notifications: Progress Reports HSC currently distributes a 90 and 30 day courtesy notification to all Principal Investigators (PIs) for final progress reporting as part of the award close-out process. A copy of the report for the file is requested from the PI.</p> <p>For CPRIT awards, OGCM will enhance this process by tracking submission dates for quarterly and annual progress reports and sending an additional email reminder to the PI with a copy to the department chair if the PI has not submitted the progress report 30 days past the sponsor due date.</p> <p>Additional Comments: Progress reporting is the responsibility of the PI with the support of department administration. Progress reports do not require institutional level signatures. This PI responsibility is documented in university policies and procedures.</p> <p>Notifications: Financial Reports OGCM will set up milestones in EIS for all quarterly and final reporting periods and generate a monthly query to better track sponsor due dates. The query will be reviewed monthly by the Accountant and the Director of Grants and Contracts to provide better monitoring of sponsor due dates.</p> <p>Notifications: Effort Reports OGCM developed and implemented a new on-line effort reporting system in June 2014 with supporting</p>	Mazen Barakat, Director of Grants and Contract Management	9/30/2014	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT) Audit	UNTHSC & UNT	<p>Fifteen areas were reviewed for compliance with CPRIT guidelines and institutional policies at UNTHSC and UNT. Exceptions were noted in the five areas below:</p> <p>1. Reimbursement and Expenditure Reporting Seven of 26 quarterly financial status reports reviewed were not submitted by UNTHSC within 90 days of the quarter covered as required.</p> <p>2. Grant Closeout The final financial status report for UNTHSC grant RP101399 was submitted 122 days after the grant end date and not within 90 days as required.</p> <p>3. Expenditures For the grants under review, non-travel expenditures totaling \$110,111 were reviewed (or 59% of the total population: \$187,227), as well as travel expenditures totaling \$44,607 (or 100% of the population). The following results were noted from the testing:</p> <p>A. Non-travel labor charges for one temporary employee selected for testing totaling \$2,414 on UNTHSC grant PP100195 could not be substantiated via supporting documentation. Subsequently, Internal Audit tested the additional \$2,044 of temporary labor charges for this temporary employee during the testing period and was not able to substantiate them via supporting documentation.</p> <p>B. A review of non-travel expenditures for UNTHSC</p>	Moderate	Maintain supporting documentation in accordance with record retention guidelines to evidence the dates of required report submission as well as for funds expended on CPRIT grants. Implementation will provide assurance that grant conditions for reporting requirements and allowable	Maintain supporting documentation: Report Submissions For CPRIT awards, OGCM will request and maintain all quarterly and annual progress reports. OGCM already maintains all quarterly and final financial reports and final progress reports.	Mazen Barakat, Director of Grants and Contract Management	9/30/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT) Audit	UNTHSC & UNT	<p>Fifteen areas were reviewed for compliance with CPRIT guidelines and institutional policies at UNTHSC and UNT. Exceptions were noted in the five areas below:</p> <p>1. Reimbursement and Expenditure Reporting Seven of 26 quarterly financial status reports reviewed were not submitted by UNTHSC within 90 days of the quarter covered as required.</p> <p>2. Grant Closeout The final financial status report for UNTHSC grant RP101399 was submitted 122 days after the grant end date and not within 90 days as required.</p> <p>3. Expenditures For the grants under review, non-travel expenditures totaling \$110,111 were reviewed (or 59% of the total population: \$187,227), as well as travel expenditures totaling \$44,607 (or 100% of the population). The following results were noted from the testing:</p> <p>A. Non-travel labor charges for one temporary employee selected for testing totaling \$2,414 on UNTHSC grant PP100195 could not be substantiated via supporting documentation. Subsequently, Internal Audit tested the additional \$2,044 of temporary labor charges for this temporary employee during the testing period and was not able to substantiate them via supporting documentation.</p> <p>B. A review of non-travel expenditures for UNTHSC</p>	Moderate	Remove telecommunication service charges from CPRIT grants. Implementation will provide assurance that grant conditions for reporting requirements and allowable	Remove Telecommunication Services Charges OGCM will remove the telecommunication service charge for \$20 from the CPRIT grant.	Mazen Barakat, Director of Grants and Contract Management	8/15/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT) Audit	UNTHSC & UNT	Fifteen areas were reviewed for compliance with CPRIT guidelines and institutional policies at UNTHSC and UNT. Exceptions were noted in the five areas below: 1. Reimbursement and Expenditure Reporting Seven of 26 quarterly financial status reports reviewed were not submitted by UNTHSC within 90 days of the quarter covered as required. 2. Grant Closeout The final financial status report for UNTHSC grant RP101399 was submitted 122 days after the grant end date and not within 90 days as required. 3. Expenditures For the grants under review, non-travel expenditures totaling \$110,111 were reviewed (or 59% of the total population: \$187,227), as well as travel expenditures totaling \$44,607 (or 100% of the population). The following results were noted from the testing: A. Non-travel labor charges for one temporary employee selected for testing totaling \$2,414 on UNTHSC grant PP100195 could not be substantiated via supporting documentation. Subsequently, Internal Audit tested the additional \$2,044 of temporary labor charges for this temporary employee during the testing period and was not able to substantiate them via supporting documentation. B. A review of non-travel expenditures for UNTHSC	Moderate	Work with CPRIT to resolve expended funds that could not be substantiated. Implementation will provide assurance that grant conditions for reporting requirements and allowable	Work with CPRIT to resolve expended funds that could not be substantiated OGCM will work with CPRIT to resolve the expended funds on the hourly paid individual for which we were unable to locate timesheets. Additional Comments: Human Resources (HR) was unable to locate timesheets for one hourly paid individual; however, through a written letter to OGCM, the Director of Human Resources indicated during the specific dates of the requested timesheets, the employees who maintained the timekeeping records were relocated to a new building on campus. The letter also indicates a filing system has been established at the new location that ensures future compliance with record retention requirements for timekeeping records in accordance to university policy.	Mazen Barakat, Director of Grants and Contract Management	12/31/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	UNT Endowment Review Audit	UNT	The composition of the scholarship committee does not conform to requirements outlined in the Frank Bracken PLP Endowment MOU. The Director for Budget and Administration in the College of Business Dean's Office stated that "the committee does not fully meet the criteria included in the Gift Agreement." The conclusion was based on an email communication from an Administrative Coordinator in the Professional Leadership Program (PLP) College of Business, who described the composition of the Scholarship Committee as the Executive Director, the Assistant Director, and the Chairman of the PLP Advisory Board.	Low	Recommend for Director of the Professional Leadership Program (PLP): Reorganize the Frank Bracken PLP Endowment scholarship committee to include those individuals as prescribed by and agreed to in the Gift Agreement as follows: • At least three (3) College of Business faculty members; • Representatives of the PLP Advisory Board; • PLP Community Partners, and • College of Business Administration staff. Implementation will provided assurance of compliance with the gift agreement, and minimize the potential loss of endowment funds and other gifts, strained relations between donors and the University affecting future gifts, and negative publicity and damage to the University's reputation.	We agree that the scholarship committee was not properly constituted in accordance with the MOU. Because of difficulty in convening such a large group, the PLP director will first meet with the donor to discuss revising the MOU to allow a more streamlined committee, and will document the outcome appropriately. Following that meeting, the PLP director will closely adhere to the current or revised MOU, as applicable, in organizing the scholarship committee with oversight by the Dean's office.	Marilyn K. Wiley, Senior Associate Dean, College of Business	3/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Construction Close-out Process Review	UNT System	Three construction project accounts associated with completed projects at UNT Dallas remain open with deficit balances totaling \$214,807. When a construction project has been determined to be substantially complete, this starts the beginning of the one year project warranty period. During this warranty period steps are usually taken by System Facilities to close the project by the end of the warranty period. However, this process has been delayed due to the deficit balances.	Low	Suggested Management Action for James Maguire, Vice Chancellor for Facilities Planning and Construction & Chief Architect: Work with UNT Dallas personnel and take appropriate steps to identify funding to cover the account deficits, and then close the open accounts associated with the construction of the buildings at UNT Dallas.	UNT System Facilities agrees with the report finding. 1)There are multiple accounts associated with the construction of the buildings at UNT Dallas. UNT System Facilities will meet with UNT Dallas budget personnel to identify appropriate expenditures that can be moved from deficit accounts to accounts with available funds and then assist them in the closing the associated accounts.	Don Lynch, Director of System Facilities Administration	1/31/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Construction Close-out Process Review	UNT System	Three construction project accounts associated with completed projects at UNT Dallas remain open with deficit balances totaling \$214,807. When a construction project has been determined to be substantially complete, this starts the beginning of the one year project warranty period. During this warranty period steps are usually taken by System Facilities to close the project by the end of the warranty period. However, this process has been delayed due to the deficit balances.	Low	Suggested Management Action for James Maguire, Vice Chancellor for Facilities Planning and Construction & Chief Architect: Develop procedures and controls to assure that construction accounts are closed in a timely manner and expenditures cannot be charged to accounts that will result in deficit spending. Implementation will ensure that UNT Dallas project accounts are closed and the deficit spending is addressed.	UNT System Facilities agrees with the report finding. 2)At the end of a project warranty period, UNT System Facilities will close all associated general ledger project accounts out within 12 months. In addition, a project close out checklist will be developed documenting the action steps taken to close the project and the date completed.	Don Lynch, Director of System Facilities Administration	1/31/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Finance and Administration Expense Review	UNT Dallas	Numerous instances of non-compliance were noted regarding travel, reimbursement, and PCard transactions. For the travel and reimbursements transactions reviewed totaling approximately \$11,000 (FY 2011, 2012, and 2013), Internal Audit observed the following: <ul style="list-style-type: none"> •The Request to Travel (RTT) form was not consistently present, signed, and/or complete (11 instances); •Receipts were not consistently provided and were missing (22 instances); and, •Supporting documentation was unorganized and/or not retained. In general, Internal Audit observed numerous business related meals, books, and electronic accessories purchased and subsequently reimbursed. For PCard transactions reviewed totaling approximately \$135,000 (January 2012 – April 2013), Internal Audit also observed the following: <ul style="list-style-type: none"> •Food and Beverage Purchase justifications forms not consistently used (27 instances); •Exception Request Forms not used for restricted purchases (three instances); •Split purchases were observed (six instances totaling approximately \$12,000); •Restricted purchases observed such as recurring satellite cable provider and security system bills and notary fees (three instances); •Sales tax was charged (11 instances); and 	Moderate	Suggested Management Actions for the Vice President for Finance and Administration/CFO: Review the PCard guidelines with cardholders, reconcilers, and approvers to help ensure compliance. Ensure all parties understand their responsibilities. BSC provided training should be attended to understand any changes or updated to the process.	We concur. PCard holder and reconciler will attend BSC PCard training and will document expectation that cardholder will comply with BSC policies and procedures. Reconciler will monitor utilization trends and notify management of activity that should be transitioned to requisition process. The campus will ensure compliance with BSC policies related to travel and business related reimbursements instead of establishing separate practices.	J. Carlos Hernandez, Vice President for Finance and Administration/CFO	December 2013	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Finance and Administration Expense Review	UNT Dallas	<p>Numerous instances of non-compliance were noted regarding travel, reimbursement, and PCard transactions. For the travel and reimbursements transactions reviewed totaling approximately \$11,000 (FY 2011, 2012, and 2013), Internal Audit observed the following:</p> <ul style="list-style-type: none"> •The Request to Travel (RTT) form was not consistently present, signed, and/or complete (11 instances); •Receipts were not consistently provided and were missing (22 instances); and, •Supporting documentation was unorganized and/or not retained. <p>In general, Internal Audit observed numerous business related meals, books, and electronic accessories purchased and subsequently reimbursed.</p> <p>For PCard transactions reviewed totaling approximately \$135,000 (January 2012 – April 2013), Internal Audit also observed the following:</p> <ul style="list-style-type: none"> •Food and Beverage Purchase justifications forms not consistently used (27 instances); •Exception Request Forms not used for restricted purchases (three instances); •Split purchases were observed (six instances totaling approximately \$12,000); •Restricted purchases observed such as recurring satellite cable provider and security system bills and notary fees (three instances); •Sales tax was charged (11 instances); and 	Moderate	<p>Suggested Management Actions for the Vice President for Finance and Administration/CFO:</p> <p>Clearly delineate responsibilities to designees who process travel, reimbursements, and PCard transactions. Ensure the processors understand their responsibilities, and have an established method for complying with guidelines and expectations.</p>	<p>We concur. PCard holder and reconciler will attend BSC PCard training and will document expectation that cardholder will comply with BSC policies and procedures. Reconciler will monitor utilization trends and notify management of activity that should be transitioned to requisition process. The campus will ensure compliance with BSC policies related to travel and business related reimbursements instead of establishing separate practices.</p>	J. Carlos Hernandez, Vice President for Finance and Administration/CFO	December 2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Finance and Administration Expense Review	UNT Dallas	<p>Numerous instances of non-compliance were noted regarding travel, reimbursement, and PCard transactions. For the travel and reimbursements transactions reviewed totaling approximately \$11,000 (FY 2011, 2012, and 2013), Internal Audit observed the following:</p> <ul style="list-style-type: none"> •The Request to Travel (RTT) form was not consistently present, signed, and/or complete (11 instances); •Receipts were not consistently provided and were missing (22 instances); and, •Supporting documentation was unorganized and/or not retained. <p>In general, Internal Audit observed numerous business related meals, books, and electronic accessories purchased and subsequently reimbursed.</p> <p>For PCard transactions reviewed totaling approximately \$135,000 (January 2012 – April 2013), Internal Audit also observed the following:</p> <ul style="list-style-type: none"> •Food and Beverage Purchase justifications forms not consistently used (27 instances); •Exception Request Forms not used for restricted purchases (three instances); •Split purchases were observed (six instances totaling approximately \$12,000); •Restricted purchases observed such as recurring satellite cable provider and security system bills and notary fees (three instances); •Sales tax was charged (11 instances); and 	Moderate	<p>Suggested Management Actions for the Vice President for Finance and Administration/CFO:</p> <p>Review trends in PCard usage and continue to move expenses to the normal purchase order process for transactions that recur, that have an associated contract, or need to have an updated contract with the vendor. Continue to work with the BSC staff to identify required or suggested transaction changes.</p>	<p>We concur. PCard holder and reconciler will attend BSC PCard training and will document expectation that cardholder will comply with BSC policies and procedures. Reconciler will monitor utilization trends and notify management of activity that should be transitioned to requisition process. The campus will ensure compliance with BSC policies related to travel and business related reimbursements instead of establishing separate practices.</p>	J. Carlos Hernandez, Vice President for Finance and Administration/CFO	December 2013	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Finance and Administration Expense Review	UNT Dallas	<p>Numerous instances of non-compliance were noted regarding travel, reimbursement, and PCard transactions. For the travel and reimbursements transactions reviewed totaling approximately \$11,000 (FY 2011, 2012, and 2013), Internal Audit observed the following:</p> <ul style="list-style-type: none"> •The Request to Travel (RTT) form was not consistently present, signed, and/or complete (11 instances); •Receipts were not consistently provided and were missing (22 instances); and, •Supporting documentation was unorganized and/or not retained. <p>In general, Internal Audit observed numerous business related meals, books, and electronic accessories purchased and subsequently reimbursed. For PCard transactions reviewed totaling approximately \$135,000 (January 2012 – April 2013), Internal Audit also observed the following:</p> <ul style="list-style-type: none"> •Food and Beverage Purchase justifications forms not consistently used (27 instances); •Exception Request Forms not used for restricted purchases (three instances); •Split purchases were observed (six instances totaling approximately \$12,000); •Restricted purchases observed such as recurring satellite cable provider and security system bills and notary fees (three instances); •Sales tax was charged (11 instances); and 	Moderate	<p>Suggested Management Actions for the Vice President for Finance and Administration/CFO:</p> <p>Continue to develop and refine campus specific policies related to travel and business related reimbursements for all employees. This could include limits and or detailed expectations on business meals and other business related purchases. Implementation of these suggested actions will help assure compliance with PCard guidelines, as well as improve the overall control environment in the UNT Dallas Finance and Administration Office and campus.</p>	<p>We concur. PCard holder and reconciler will attend BSC PCard training and will document expectation that cardholder will comply with BSC policies and procedures. Reconciler will monitor utilization trends and notify management of activity that should be transitioned to requisition process. The campus will ensure compliance with BSC policies related to travel and business related reimbursements instead of establishing separate practices.</p>	J. Carlos Hernandez, Vice President for Finance and Administration/CFO	December 2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	NCAA Compliance Review – Eligibility Certification	UNT	<p>The review and testing of operational processes and controls indicated that business procedures and controls pertaining to the determination of student-athlete eligibility certification are effective and operating as intended. For the sample tested, information recorded and maintained to determine student athlete eligibility for the Fall 2012 and Spring 2013 semesters was accurate.</p> <p>The Office of the Registrar and the Athletics department are proactive in ensuring that the University has complied with NCAA eligibility requirements and maintain accurate information used in determining student-athlete eligibility. Meetings are often held between the two departments to ensure UNT compliance. The Office of the Registrar recently developed a control schedule called "Student-Athlete Checklist for Continuing Students" to assist in documenting that NCAA requirements have been met. Internal Audit noted a need to improve the recording of signatures and dates on some supporting documentation; this was discussed during the Exit Meeting.</p>	NA	None	NA	NA	NA	NA

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Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	UNT Dining Services A/P Audit	UNT	<p>UNT Dining Services is not verifying that they have been billed in accordance with the contract terms with Ben E. Keith.</p> <p>Ben E. Keith, Dining Services main food vendor, is required to bill Dining Services the identical amount that Ben E. Keith pays for food products purchased from other vendors. On top of this amount, Ben E. Keith is allowed to charge a profit margin, not greater than 6.5%. The method by which the margin is calculated is detailed in the contract.</p> <p>Currently, in processing payments to Ben E. Keith, Dining Services is not verifying that the 6.5% margin has been calculated correctly and in accordance with the contract terms. Also, the contract includes a right to audit clause so that UNT can verify that it has been charged the same amount that Ben E. Keith has paid. Dining Services has never exercised this option.</p>	Moderate	<p>Suggested Management Action for the Executive Director of Dining Services:</p> <p>1. Implement a process and procedure to audit the Ben E. Keith invoices to verify that UNT is billed in accordance with the contract terms. Implementation will provide assurance that UNT Dining Services is verifying and paying no more than the agreed six and one half percent (6.5%) margin.</p>	We will be conducting periodic audits of the Ben E. Keith invoices and verifying the 6.5% margin is being enforced.	Suzan Cruz, Business Manager	2/1/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Research	Restricted Research Review	UNT	<p>Expenditures for one research project were not included in the 2012 annual report to the Texas Higher Education Coordinating Board. (THECB).</p> <p>At the time of initial setup, a research project was inadvertently assigned a National Association of College and University Business Officers (NACUBO) class code that identified the project as public service instead of restricted research in the University's general ledger (GL) system. Subsequently, when restricted research expenditures data were extracted from the GL to report to the THECB, expenditures for the project coded as public service were not included.</p>	Moderate	<p>Suggested Management Action for the Director of the Office of Research Services:</p> <p>1. Develop a process to match and reconcile restricted research awards with corresponding restricted research expenditures prior to reporting to the THECB or other regulatory entities. Implementation will provide assurance that restricted research awards are accurately matched or reconciled to restricted research expenditures prior to reporting to the THECB.</p>	Develop and use a control report on a consistent basis to ensure that NACUBO class coding for restricted research awards matches corresponding reporting for restricted research expenditures.	Britt Krhovjak, Assistant Director for Research Accounting	11/30/2013	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Governance and Regulatory Compliance	JAMP Review	UNT	<p>Based on the results of the procedures performed, processes and controls related to JAMP financial activity appear to be effective and functioning as intended. Expenditures were in compliance with the JAMP Agreement and JAMP Expenditure Guidelines. In addition, the final FY 2013 JAMP Expenditure Report prepared by the Office of Research Services and submitted to the JAMP Council was accurate. Expenditures for fiscal year 2013 totaled \$16,135; resulting in \$677 in unspent funds. These funds are in the process of being returned to the JAMP Council.</p>	NA	None	NA	NA	NA	NA

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Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	School of Health Professions Review Audit	UNTHSC	<p>UNTHSC does not have comprehensive policies and/or procedures for cash handling. While the Office of Accounting has a cash handling procedure, it does not give specific detail on maintaining of cash balances in a department (i.e. maintaining a record of custody, entrance procedures for a safe, distribution of cash payments, and independent reconciliation).</p> <p>The following was observed regarding cash handling in the SHP:</p> <ul style="list-style-type: none"> • The department withdraws cash to pay research/simulated patients a fee for participation in a study of class. After the cash is provided to the SHP, no record of custody is maintained when cash is passed from one employee to another. • There was no log showing entrance into the safe where these funds were kept. • Funds were not in the location indicated on the 'Research Participation Custodial Agreement' form. • Large cash balances were withdrawn and held for periods exceeding three months. <p>In our sample of withdrawals for research or training patients, three institutionally funded projects had cash outstanding of \$16,190.</p>	Moderate	<p>Suggested Management Action For Controller and Chief Budget Officer:</p> <p>Develop comprehensive cash handling policies and/or procedures that ensure cash is safeguarded. The procedure should include processes for: Maintaining a chain of custody, storing cash in a safe, entrance into the safe, disbursing cash to patients, returning all unused funds, and establishing an independent reconciliation.</p>	<p>Management agrees that UNTHSC does not have comprehensive procedure for cash handling, although there is a procedure for handling petty cash. Management will develop a general policy for instances that are outside the scope of petty cash. The suggestion will be made to the BSC Director of Purchasing to add instructions regarding securing funds to the simulated patient and research participant procedures.</p>	Kim Schaade, Associate Controller	1/31/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	School of Health Professions Review Audit	UNTHSC	<p>UNTHSC does not have comprehensive policies and/or procedures for cash handling. While the Office of Accounting has a cash handling procedure, it does not give specific detail on maintaining of cash balances in a department (i.e. maintaining a record of custody, entrance procedures for a safe, distribution of cash payments, and independent reconciliation).</p> <p>The following was observed regarding cash handling in the SHP:</p> <ul style="list-style-type: none"> • The department withdraws cash to pay research/simulated patients a fee for participation in a study of class. After the cash is provided to the SHP, no record of custody is maintained when cash is passed from one employee to another. • There was no log showing entrance into the safe where these funds were kept. • Funds were not in the location indicated on the 'Research Participation Custodial Agreement' form. • Large cash balances were withdrawn and held for periods exceeding three months. <p>In our sample of withdrawals for research or training patients, three institutionally funded projects had cash outstanding of \$16,190.</p>	Moderate	<p>Suggested Management Action For Controller and Chief Budget Officer:</p> <p>Ensure the cash handling policies and/or procedures are distributed to all department personnel handling cash.</p>	<p>Management agrees that UNTHSC does not have comprehensive procedure for cash handling, although there is a procedure for handling petty cash. Management will develop a general policy for instances that are outside the scope of petty cash. The suggestion will be made to the BSC Director of Purchasing to add instructions regarding securing funds to the simulated patient and research participant procedures.</p>	Kim Schaade, Associate Controller	1/31/2014	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	School of Health Professions Review Audit	UNTHSC	<p>UNTHSC does not have comprehensive policies and/or procedures for cash handling.</p> <p>While the Office of Accounting has a cash handling procedure, it does not give specific detail on maintaining of cash balances in a department (i.e. maintaining a record of custody, entrance procedures for a safe, distribution of cash payments, and independent reconciliation).</p> <p>The following was observed regarding cash handling in the SHP:</p> <ul style="list-style-type: none"> • The department withdraws cash to pay research/simulated patients a fee for participation in a study of class. After the cash is provided to the SHP, no record of custody is maintained when cash is passed from one employee to another. • There was no log showing entrance into the safe where these funds were kept. • Funds were not in the location indicated on the 'Research Participation Custodial Agreement' form. • Large cash balances were withdrawn and held for periods exceeding three months. <p>In our sample of withdrawals for research or training patients, three institutionally funded projects had cash outstanding of \$16,190.</p>	Moderate	<p>Suggested Management Action For Controller and Chief Budget Officer:</p> <p>Update departmental cash handling procedures to follow policies and/or procedures developed by the Office of Accounting.</p>	<p>Management Agrees and will ensure that each department has written procedures for handling cash. The suggestions mentioned in Item #4 will be included in the guidelines that the school will present prior to February 28, 2014.</p>	<p>Syndi Espinoza, Assistant to the Chair (PT) Kim Williams, Assistant to the Chair (PA)</p>	02/28/2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Academic and Students	School of Health Professions Review Audit	UNTHSC	<p>UNTHSC does not have comprehensive policies and/or procedures for cash handling.</p> <p>While the Office of Accounting has a cash handling procedure, it does not give specific detail on maintaining of cash balances in a department (i.e. maintaining a record of custody, entrance procedures for a safe, distribution of cash payments, and independent reconciliation).</p> <p>The following was observed regarding cash handling in the SHP:</p> <ul style="list-style-type: none"> • The department withdraws cash to pay research/simulated patients a fee for participation in a study of class. After the cash is provided to the SHP, no record of custody is maintained when cash is passed from one employee to another. • There was no log showing entrance into the safe where these funds were kept. • Funds were not in the location indicated on the 'Research Participation Custodial Agreement' form. • Large cash balances were withdrawn and held for periods exceeding three months. <p>In our sample of withdrawals for research or training patients, three institutionally funded projects had cash outstanding of \$16,190.</p>	Moderate	<p>Suggested Management Action For Controller and Chief Budget Officer:</p> <p>Determine the funds needed for a three month period and return all excess funds to the original ProjIDs or DeptIDs. Implementation will protect staff members and cash by ensuring that cash is adequately safeguarded.</p>	<p>Management Agrees and will ensure that each department has written procedures for handling cash. The suggestions mentioned in Item #4 will be included in the guidelines that the school will present prior to February 28, 2014.</p>	<p>Syndi Espinoza, Assistant to the Chair (PT) Kim Williams, Assistant to the Chair (PA)</p>	02/28/2014	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	UNT Endowment Review Audit	UNT	Students received scholarships from the Texas Apartment Association (TAA) that were not processed through the Office of Student Financial Aid and Scholarships (SFAS). Students enrolled in the Residential Property Management (RPM) degree program offered by the Department of Finance, Insurance, Real Estate and Law (FIREL) are eligible to apply for a scholarship from the TAA. Scholarships awarded by TAA are sent directly to the student. Consequently, the awards are not processed through SFAS.	Low	Recommendations for Chair of the FIREL Department: Establish procedures to work in conjunction with the TAA to identify recipients of scholarships, ascertain the amount of each scholarship awarded, and direct scholarship payments to the Office of Student Financial Aid and Scholarships for coordination and processing; or consult with the donor, Office of General Counsel, and SFAS to amend the MOU so that the requirements conform to current practice.	1: Management agrees that the following portion of the MOU has not been implemented: "The University agrees to establish a RPM Program scholarship to be funded by the Donor, and to work in conjunction with the Donor to identify candidates and recipients for the scholarship." Since the donor chose to not fund the program, the University could not establish the program scholarship as described in the MOU. Since the program was never created, no scholarships were ever awarded as UNT RPM program scholarships. Management agrees to consult with the donor and the Office of General Counsel to amend the MOU to delete the reference in the statement quoted above.	Michael Braswell, TAA Professor and Marcia J. Staff, Chair, FIREL	March 2014	Closed
Internal	UNT System Internal Audit	Fiscal Year 2014	Finance	Adjusting Journal Entry Investigation	UNT	The Net Position in the FY2012 and FY2013 Financial Statements could be Overstated by as much \$23 Million. – The former UNT Associate Vice President for Finance and Controller and the former Director of Financial Reporting and Operations were aware of the unreconciled differences and potentially uncollectible receivables prior to the issuance of the FY2012 and FY2013 UNT and UNTS financial statements. They directed and recorded this adjustment rather than valuating the validity of these differences as to whether they were true assets of the UNTS.	High	Develop and document a UNT Allowance for Doubtful Accounts Policy, based on historical receivable information, to establish guidelines for accurately estimating uncollectible amounts.	UNT/UNTS concur and will review the current UNT Allowance for Doubtful Accounts Policy in comparison to historical receivable collectability to ensure the Policy and related process results in an accurate estimate. Any required revisions to the current Policy will be completed before August 31, 2014. UNT/UNTS will periodically evaluate all receivables in light of this Policy to determine receivable collectivity and appropriate asset value. UNT/UNTS will also ensure all necessary action is taken relative to the referenced UNT adjusting journal entry and will recalculate the Allowance for Doubtful Accounts estimate presented in the FY 2013 UNT and UNTS consolidated financial statements to ensure the net accounts receivable balance was presented accurately. Any necessary adjustments to prior period UNT and UNTS consolidated financial statements will be completed by August 31, 2014.	Dan Stephens, Assistant Vice-Chancellor Finance/Controller	Original Date 08/31/14 Revised Date 08/31/16	Open
External	Counsel on Education for Public Health Accreditation Committee	Fiscal Year 2015	Governance and Regulatory Compliance	National CEPH Certification	UNTHSC	Accreditation approved through 12/31/2022.	NA	None	NA	NA	NA	NA
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System - University of North Texas Health Science Center Benefits Funding Proportionality Analysis University of	UNTHSC	Based on the methodology used, the analysis identified no excess benefit expenditures or ineligible salary expenditures reimbursed paid to UNTHSC. Additionally, the AY2012 & AY2013 Accounting Policy Statement 011 forms submitted by UNTHSC were reviewed with no material issues identified.	NA	None	NA	NA	NA	NA
External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Benefits Funding Proportionality Analysis University of	UNT System	Based on the methodology used, the analysis identified no excess benefit expenditures or ineligible salary expenditures reimbursed to UNTS.	NA	None	NA	NA	NA	NA

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External	Deloitte & Touche in conjunction with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System - University of North Texas at Dallas Benefits Funding Proportionality Analysis University of	UNT Dallas	The following exceptions were identified through the analysis of the appropriation year 2012 APS 011 form submitted to the TXCPA and should be discussed with TXCPA for any required remediation steps: · The appropriated amount for TRS expenditures through Fund 0001 was not included in Section 2.c of the finalized form. This amount was recorded as \$0.00 instead of \$353,077.69. · The TRS expenditure component of the local funds adjustment section of the APS 011 was reported as \$41,430.00 instead of \$394,507.69, which resulted in the GR-D local funds adjustment in Section 1 being reported as (\$166,137.00) instead of (\$210,107.00).	NA	None	NA	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Lack of Compliance with Generally Accepted Accounting Principles (GAAP): The process related to the preparation of the combined financial statements and related footnotes is not well defined and documented and does not require a detailed review and verification of financial information to substantiate the accuracy and completeness of the information presented. As a result, there is a risk that information is not properly presented or disclosed in accordance with GAAP. Some of the specific issues noted throughout this report point to specific errors identified, however there is a risk that other errors in the financial statements may exist and should be addressed to determine the proper presentation in accordance with GAAP.	High	Implement a process to validate financial statements are prepared and presented in accordance with GAAP. This should include implementing a process for proper detailed review by management of the financial statements. This process should include: -The definition of roles and responsibilities relative to the preparation and review of the financial statements; -The use of a footnote disclosure checklist to evaluate relevant footnotes are included; and -A detailed review of schedules supporting the financial statements, including the cash flow statement, the footnotes to the financial statements, and the management discussion and analysis. · Independently review the detail of the consolidation working papers for the financial statement line items and related footnotes for the fiscal year 2013 financial statements to identify errors or missing disclosures. · Perform an analysis of the Chart of Accounts to deactivate unnecessary or unused accounts, and implement procedures to review the Chart of Accounts on a periodic basis.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Financial Statement Integrity Thread and Account Reconciliation and Validation Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Lack of Compliance with Generally Accepted Accounting Principles (GAAP): The process related to the preparation of the combined financial statements and related footnotes is not well defined and documented and does not require a detailed review and verification of financial information to substantiate the accuracy and completeness of the information presented. As a result, there is a risk that information is not properly presented or disclosed in accordance with GAAP. Some of the specific issues noted throughout this report point to specific errors identified, however there is a risk that other errors in the financial statements may exist and should be addressed to determine the proper presentation in accordance with GAAP.	High	Independently review the detail of the consolidation working papers for the financial statement line items and related footnotes for the fiscal year 2013 financial statements to identify errors or missing disclosures.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Financial Statement Integrity Thread and Account Reconciliation and Validation Thread.	NA	NA	NA

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External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Lack of Compliance with Generally Accepted Accounting Principles (GAAP): The process related to the preparation of the combined financial statements and related footnotes is not well defined and documented and does not require a detailed review and verification of financial information to substantiate the accuracy and completeness of the information presented. As a result, there is a risk that information is not properly presented or disclosed in accordance with GAAP. Some of the specific issues noted throughout this report point to specific errors identified, however there is a risk that other errors in the financial statements may exist and should be addressed to determine the proper presentation in accordance with GAAP.	High	Perform an analysis of the Chart of Accounts to deactivate unnecessary or unused accounts, and implement procedures to review the Chart of Accounts on a periodic basis.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Financial Statement Integrity Thread and Account Reconciliation and Validation Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Inadequate Financial Reporting and Accountability Practices: Recent finance organizational changes, such as personnel departures, have left the finance organization without consistent leadership and process accountability.	High	Perform personnel assessments to determine whether knowledgeable employees with requisite higher education and governmental accounting and financial reporting experience are assigned to critical financial reporting positions. In addition, management should consider its current hiring practices in the evaluation, including minimum requirements for supervisory/managerial positions in order to promote accountability of financial processes.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Change Management and Governance Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Undocumented or Insufficiently Established Financial Policies and Procedures: While some financial policies and procedures have been established, there is currently no formal process in place to review, revise, and evaluate these guidelines on a periodic basis to facilitate applicability and pertinence and determine that they are consistently applied across the component institutions. In addition, the lack of formal review over policies and procedures subjects UNTS to potential non-compliance with GAAP, as well as regulatory and compliance requirements.	High	Institute an initiative to fully inventory and review existing financial policies and procedures. Additionally, consideration should be given, as part of this review, to determine whether policies and procedures fully meet management's intention and are in accordance with GAAP. A formal review process should be established to confirm policies and procedures are reviewed on periodic basis going forward (at least annually).	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, management has identified financially significant polices that are currently being drafted within the Policies & Procedures Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Improper Segregation of Duties (SOD) Between Job Responsibilities: Current practices indicate that measures to prevent or detect SOD conflicts have not been established by management. This includes preventative or detective measures within applications, business process, and recording of transactions to the general ledger.	High	Management should promptly establish policies and procedures to prevent the assignment of conflicting job duties. Consideration should be given to personnel job duties within individual applications, between applications, and manual activities performed outside of an application. Additionally, an initiative should be instituted to analyze current job responsibilities in order to identify and terminate SOD conflicts, including canceling system access for personnel that are no longer employed by UNTS or do not require access to particular application roles based on their job responsibilities.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and IT Alignment Thread.	NA	NA	NA

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External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	<p>Untimely, Incomplete, and Inaccurate Account Reconciliation Management</p> <p>Practices: Management of the account reconciliation process does not provide proper oversight of the accuracy of UNTS's general ledger and the financial statements.</p> <p>Specifically:</p> <ul style="list-style-type: none"> · Account balances were not reconciled as of August 31, 2013; · The balances on the reconciliations did not agree to the general ledger and, if applicable, respective subsidiary ledgers; · The reconciliations were not reviewed in detail; · Reconciling items were not researched and cleared on a timely basis; and · The reconciliations were not performed on a timely basis. 	High	<p>Management should promptly establish procedures governing account reconciliation practices to confirm significant accounts are reconciled completely and on a timely basis. In addition, management should issue guidance on researching and resolving reconciling differences to confirm that such differences are investigated for proper accounting treatments. Management should also consider implementing processes to require a supervisor or manager with requisite knowledge of the account to review the reconciliation for completeness and accuracy, as well as standardize and define an appropriate account reconciliation.</p>	<p>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Account Reconciliation and Validation Thread.</p>	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	<p>Absence of Formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS.</p> <p>As a result:</p> <ul style="list-style-type: none"> · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. 	High	<p>Promptly implement the following practices: Require that proper documentation be maintained with journal entries with financial reporting office.</p>	<p>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread.</p>	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	<p>Absence of Formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS.</p> <p>As a result:</p> <ul style="list-style-type: none"> · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. 	High	<p>Perform an analysis of journal entries recorded in FY2013 and FYE 2014 to date to identify errors in reporting.</p>	<p>Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread.</p>	NA	NA	NA

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External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Absence of Formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: <ul style="list-style-type: none"> · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. 	High	Configure PeopleSoft to enforce that bookkeepers and approvers can only post/approve journal entries into the specific accounts to which they are assigned. Management should regularly review the list of accounts for which each bookkeeper is authorized to create entries.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Absence of Formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: <ul style="list-style-type: none"> · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. 	High	Configure PeopleSoft so that approvers cannot approve their own entries.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Absence of Formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: <ul style="list-style-type: none"> · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. 	High	Establish a formal written policy that disallows approvers from approving their own entries and/or from creating entries, sending them to a bookkeeper to place into PeopleSoft, and then approving them.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread.	NA	NA	NA

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External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Absence of Formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: <ul style="list-style-type: none"> · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. 	High	Establish formal written policies that require entries to be reviewed by someone at least one level higher than their original creator.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Absence of Formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: <ul style="list-style-type: none"> · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. 	High	Establish dollar amount thresholds that each level of bookkeeper can create, as well as the minimum level of review required prior to posting.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Absence of Formal Journal Entry Review and Supporting Documentation Requirements: Current journal entry practices do not prevent nor detect the recording of invalid or unsupported transactions to the general ledger. Standards for supporting documentation and supervisor review have not been formally established across UNTS. As a result: <ul style="list-style-type: none"> · Journal entries are not properly supported; · Journal entries were made that are not properly reviewed by someone separate from the preparer; · Individuals in functions outside of the normal financial accounting and reporting function had the authority and responsibility to prepare and review journal entries; and · In a number of processes, transactions were accumulated to record journal entries once a month instead of each time a transaction occurred. 	High	Restrict the preparation and review of journal entries to individuals with financial accounting and reporting responsibilities.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Policies & Procedures Thread.	NA	NA	NA

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External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Undocumented Business Processes: UNTS has not maintained written documentation for certain business processes identified as key by UNTS management. Management cannot efficiently identify, nor do they have sufficient documentation on, the significant flow of transactions, including ownership of the processes impacting its components and the consolidated financial statements.	High	Implement an initiative to document business processes to validate that current documentation is properly prepared and maintained.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Undocumented Business Processes: UNTS has not maintained written documentation for certain business processes identified as key by UNTS management. Management cannot efficiently identify, nor do they have sufficient documentation on, the significant flow of transactions, including ownership of the processes impacting its components and the consolidated financial statements.	High	Additionally, management should consider preparing desired end-state documentation, such as narratives and graphical process flows, as part of its finance transformation objectives to address identified process gaps.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Ineffective Internal Control Design and Implementation: There are currently no governing practices to determine proper internal controls over financial reporting have been established by UNTS management to meet management's financial reporting assertions. Additionally, upon comparison of UNTS's current internal control environment to industry leading practices, considerable gaps in the design and implementation of internal controls needed to facilitate the preparation of accurate and reliable financial reporting were identified.	High	Implement an initiative to re-engineer business processes to verify internal controls over financial reporting are appropriately identified, implemented, and monitored by leveraging a risk-based assessment methodology. As part of this initiative, management should determine that internal controls for the key processes identified by UNTS management meet the circumstances for its financial statement assertions. Management should consider adopting the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework as their basis for implementing effective internal controls.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Business Process Remediation Thread and Mock Audit Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Improper Design of Information Technology Controls: Management currently has internal control design gaps in the database security procedures supporting the PeopleSoft Financials application. Security administration roles have not been fully and formally defined, and the logging and review of security events are not performed. Additionally, management has not performed a review of the following applications related to financial statement audit: Blackbaud; HSC Health – UNT Health Epicor; Dining Services; Facilities; Telecom – MySoft; and Residential Management System (Housing).	Moderate	Implement a unified General Information Technology Controls (GITCs) framework for applications, databases, and operating systems that directly or indirectly impact the financial statements.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the IT Alignment Thread.	NA	NA	NA
External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Improper Design of Information Technology Controls: Management currently has internal control design gaps in the database security procedures supporting the PeopleSoft Financials application. Security administration roles have not been fully and formally defined, and the logging and review of security events are not performed. Additionally, management has not performed a review of the following applications related to financial statement audit: Blackbaud; HSC Health – UNT Health Epicor; Dining Services; Facilities; Telecom – MySoft; and Residential Management System (Housing).	Moderate	Management should perform a similar review of financially significant applications to assess the design and implementation of GITCs outside of PeopleSoft.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the IT Alignment Thread.	NA	NA	NA

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External	Deloitte & Touche in coordination with UNT System Internal Audit	Fiscal Year 2015	Finance	University of North Texas System Financial Reporting Analysis	UNT System	Lack of Continuous Accounting and Technical Training for Financial Reporting Personnel: Financial reporting office staff and management receive insufficient training on accounting methodologies, generally accepted accounting principles, financial reporting, internal controls, PeopleSoft, and the application of policies and procedures.	High	Research and implement regular financial reporting office-wide trainings for staff and managers on GAAP, Texas accounting code, internal controls, PeopleSoft, and other pertinent issues. Management should foster a culture of learning and continuous improvement.	Through the UNTS Financial Transformation project sponsored by the Board of Regents and management, this observation is being addressed in the Change Management Thread.	NA	NA	NA
External	Grant Thornton	Fiscal Year 2015	Finance	Consolidated Annual Financial Report of the University of North Texas System	UNT System	In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the System as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.	NA	None	NA	NA	NA	NA
External	Grant Thornton	Fiscal Year 2015	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT) Report on the Schedule of Expenditures of State Awards	UNT System	In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of state awards for the CPRIT program of the University for the years ended August 31, 2013 and 2014, in accordance with accounting principles generally accepted in the United States of America.	NA	None	NA	NA	NA	NA
External	Grant Thornton	Fiscal Year 2015	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT) program Report on Compliance for Cancer Prevention & Research Institute of Texas Financial Assistance Program	UNT System	As a result of our audit, we noted that the University had incomplete support for four out of the twenty-two and one out of twenty-five judgmentally selected expenditures for fiscal years 2013 and 2014, respectively. To be allowable under State awards, costs must have complete and adequate documentation.	NA	We recommend that the University maintain supporting documentation in accordance with record retention guidelines to evidence that funds were properly expended relative to all CPRIT grants. We also recommend that the University work with the grantor agency to resolve expended funds that could not be substantiated.	Management agrees with the recommendation and will work with the Principal Investigators (PIs) and department administrators with CPRIT awards to review procedures for tracking and retaining appropriate documentation for participant incentive expenditures.	NA	NA	Open
External	Grant Thornton	Fiscal Year 2015	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT) program Report on Compliance for Cancer Prevention & Research Institute of Texas Financial Assistance Program	UNT System	As a result of our audit, we noted that the University was reimbursed for one travel related expenditure, in which the travel did not occur, out of the twenty-five expenditures judgmentally selected for testing. The University did not subsequently reimburse CPRIT for the expenditure.	NA	We recommend that the University implement controls that will identify all grant related travel credits so that they may be applied to the grant department. Any credits should be refunded in the financial status report.	BSC identified this problem and has changed the procedure to ensure payments are only made against actual receipts on rental vehicles. The Office of Grant and Contract Management is in the process of requesting a refund check to send to CPRIT.	NA	NA	Open
External	Grant Thornton	Fiscal Year 2015	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT) program Report on Compliance for Cancer Prevention & Research Institute of Texas Financial Assistance Program	UNT System	As a result of our audit, we noted that one employee listed on the FY 2014 Time and Effort Report was not included in the Personnel Level of Effort in the approved budget. Additionally, we noted two Research Assistants were not included in the approved Personnel Level of Effort budget.	NA	We recommend that the University review their policies and procedures to inform CPRIT of any changes made in personnel to the original approved grant budget. All employees who dedicate time to the project should either be included in the Personnel Level of Effort section of the approved grant budget or communicated to and approved by CPRIT.	Management agrees with the recommendation and will work with the PIs and department administrators to review procedures for managing the Personnel Level of Effort budget.	NA	NA	Open

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
External	Merki & Associates P.C.	Fiscal Year 2015	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2014 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2014 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Re-class all amounts listed on line 26 (equipment, uniforms and supplies) under Non-Program Specific report appropriately. Per the NCAA there should be no amounts on this line item for the Non-Program Specific report.	None	NA	NA	Closed
External	Merki & Associates P.C.	Fiscal Year 2015	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2014 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2014 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Re-class all amounts listed on Line 25 (Team Travel) under department ID 60800 and 60816 in the Non-program Specific report to Line 35 (Other Operating Expenses).	None	NA	NA	Closed
External	Merki & Associates P.C.	Fiscal Year 2015	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2014 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2014 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Provide explanations for the highlighted variances on each attached report. If any items need to be re-classified after examination of the variances please do so accordingly and re-submit the appropriate report(s) to our firm.	None	NA	NA	Closed
External	State Auditor's Office	Fiscal Year 2015	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2014	UNT	<u>Cost of Attendance:</u> Eligibility - Cost of Attendance - For 28 (47 percent) of 60 students tested, the University of North Texas (University) incorrectly or inconsistently calculated COA. Specifically, the University included loan fees for Direct PLUS Loans in the COA budget for all dependent students, regardless of whether those students received that type of loan. The University does not have a process to remove the loan fees from the COA budget if a student does not accept a Direct PLUS loan. Because the University included loan fees for those students, it overawarded financial assistance to 3 of those 28 students. Not removing Direct PLUS loan fees from COA when necessary could result in higher COA budgets and increases the risk of overawarding financial assistance.	NA	The University should: - Include loan fees in COA only for students who receive loans.	<u>Cost of Attendance</u> Management made changes to include loan fees in the COA budget only for students who receive loans. Implementation Date: August 2014 Responsible Persons: Dena Guzman-Torres and Lacey Thompson	Dena Guzman-Torres and Lacey Thompson	8/1/2014	Closed

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External	State Auditor's Office	Fiscal Year 2015	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2014	UNT	<p><u>Satisfactory Academic Progress</u> : The University's SAP policy does not meet all federal requirements. As a result, for 6 (11 percent) of 54 students tested, the University did not correctly determine their SAP status. The University incorrectly disbursed financial assistance to five of the six students tested who did not meet SAP requirements.</p> <p>Having a policy that allows students to progress through their program at a pace that does not ensure that they will graduate within the maximum time frame increases the risk of federal assistance being disbursed to ineligible students.</p> <p>In addition, the University's SAP policy is less strict than its academic policy for graduate students. In addition, the University's SAP policy is less strict than its academic policy for graduate students.</p>	NA	<p>The University should:</p> <ul style="list-style-type: none"> - Ensure that its SAP policy meets federal requirements by calculating the quantitative pace requirement on a cumulative basis, rather than an annual basis; ensuring that the policy requires students to graduate within the maximum time frame; and making the policy at least as strict as its academic policy. 	<p><u>Satisfactory Academic Progress</u> Management made changes to its SAP policy to meet federal requirements by calculating the quantitative pace requirement on a cumulative basis to ensure students graduate within the maximum time frame. For graduate students, management made changes to the policy to make it at least as strict as UNT's academic policy.</p>	Dena Guzman-Torres and Lacey Thompson	8/1/2014	Closed
External	State Auditor's Office	Fiscal Year 2015	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2014	UNT	<p>For 1 (3 percent) of 40 students tested, the University of North Texas (University) did not correctly verify all required information on the student's FAFSA and did not correct student ISIR information when required. The University incorrectly categorized Social Security benefits as untaxed income for that student, which resulted in an overstatement of the student's EFC. That error occurred as a result of a manual error in the University's verification process. When auditors brought that issue to the University's attention, it removed the Social Security benefits as untaxed income and submitted corrections to the student's ISIR. Not properly verifying FAFSA information can result in the University overawarding or underawarding student financial assistance.</p>	NA	<p>The University should accurately verify all required FAFSA information for students selected for verification and request updated ISIRs when required.</p>	<p>Management made changes to accurately categorize Social Security benefits for students selected for verification. Management corrected the ISIR information for the one student.</p>	Dena Guzman-Torres and Lacey Thompson	12/1/2014	Closed
External	State Auditor's Office	Fiscal Year 2015	Finance	State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2014	UNT	None	NA	None	NA	NA	NA	NA
External	State Auditor's Office	Fiscal Year 2015	Finance	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2014	UNT	NA	NA	None	NA	NA	NA	NA
External	State Office of Risk Management	Fiscal Year 2015	Governance and Regulatory Compliance	COOP Plan Evaluation	UNTHSC	<p>COOP-15-01 Continuity of Operations (COOP) Plan - Emergency Operations procedures are incorporated throughout the University's COOP Plan. A COOP Plan should be a stand-alone plan.</p>	NA	<p>UNTHSC should have a separate Emergency Operations Plan to respond to and recover from an emergency. The primary goal of continuity is the continuation of essential functions during all-hazards emergencies or other situations that may disrupt normal operations.</p>	<p>Greater distinction will be made between the COOP and the EOP.</p>	Brandi Lara, Associate Director of Emergency Management and Business Continuity	8/31/2016	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2015	Governance and Regulatory Compliance	COOP Plan Evaluation	UNTHSC	<p>COOP-15-02 Emergency Relocation Group (ERG) - UNTHSC should identify alternates for the ERG.</p>	NA	<p>UNTHSC should identify alternates for the ERG. For key positions and leadership, Orders of Succession should be used instead of alternates. Also, ERGs should be informed of and officially accepted their roles and responsibilities, in writing.</p>	<p>The terminology has been changed and Orders of Succession has been implemented.</p>	Brandi Lara, Associate Director of Emergency Management and Business Continuity	8/31/2016	All SORM recommendations are open until the next SORM visit, in November, 2016.

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External	State Office of Risk Management	Fiscal Year 2015	Governance and Regulatory Compliance	COOP Plan Evaluation	UNTHSC	COOP-15-03 Consideration should be given to the University of North Texas System Enterprise COOP to include all campuses.	NA	In the future, the University of North Texas may want to consider creating an enterprise COOP Program to include all campuses. Uniform standards would assist in limiting redundancy and creating an effective model for the system and its campuses.	This has been discussed between the campus emergency managers, but the System does not have a position responsible for coordination of a COOP program.	Matthew Moncus, Director, Safety Office	2/1/2016	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	Texas Comptroller of Public Accounts	Fiscal Year 2015	Finance	Post-Payment Audit	UNT Dallas	Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.	NA	The University must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: <ul style="list-style-type: none"> Personnel transactions are timely when they are successfully reported to HRIS on or before the seventh day of the month following their effective date. 	The University agrees with this finding and requirements. HRIS reporting is managed by the payroll area in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, the delayed reporting issue was corrected shortly after the system conversion was complete. New and existing employees are receiving training to ensure timely reporting is maintained.	Mary Davis, Director of Payroll	NA	Closed
External	Texas Comptroller of Public Accounts	Fiscal Year 2015	Finance	Post-Payment Audit	UNT Dallas	Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.	NA	The University must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: <ul style="list-style-type: none"> Payroll transactions are timely when they are reported and posted by the seventh day of the month following their payment date. 	The University agrees with this finding and requirements. HRIS reporting is managed by the payroll area in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, the delayed reporting issue was corrected shortly after the system conversion was complete. New and existing employees are receiving training to ensure timely reporting is maintained.	Mary Davis, Director of Payroll	NA	Closed
External	Texas Comptroller of Public Accounts	Fiscal Year 2015	Finance	Post-Payment Audit	UNT Dallas	Security: One employee who retained the security to expend funds after authority expired.	NA	The University must ensure that the person responsible for sending these requests to the Comptroller's office is aware of the designated employee's termination or revocation on or before the date the termination or revocation becomes effective. The University must also follow through with the Comptroller's office to ensure receipt of the request and removal of the employee's security.	The University agrees with this finding and recommendation. Despite UNT Dallas promptly initiating internal notices of terminated employees via an electronic payroll request, there was a breakdown of automatic electronic communication between the campus and UNT System which has since been remediated. Furthermore, the USAS security processing for all employees under the UNT System will be formally centralized by Sept. 1, 2015. The formalization of centralization will allow for improved communication and monitoring of employee terminations or revocations. Processes within the System will be established to ensure confirmation is received from the Comptroller's office after revocation requests are submitted and matched with employee terminations or USAS revocations.	Randall J. Saxon, Senior Director UNT System Business Support Services	9/1/2015	Closed

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External	Texas Comptroller of Public Accounts	Fiscal Year 2015	Finance	Post-Payment Audit	UNTHSC	Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.	NA	The Center must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: <ul style="list-style-type: none"> Personnel transactions are timely when they are successfully reported to HRIS on or before the seventh day of the month following their effective date. 	The UNT Health Science Center agrees with this finding and requirements. HRIS reporting is currently managed by the Payroll Department in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.	Mary Davis, Director of Payroll	NA	Closed
External	Texas Comptroller of Public Accounts	Fiscal Year 2015	Finance	Post-Payment Audit	UNTHSC	Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.	NA	The Center must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner: <ul style="list-style-type: none"> Payroll transactions are timely when they are reported and posted by the seventh day of the month following their payment date. 	The UNT Health Science Center agrees with this finding and requirements. HRIS reporting is currently managed by the Payroll Department in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized. However, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.	Mary Davis, Director of Payroll	NA	Closed
External	Texas Higher Education Coordinating Board	Fiscal Year 2015	Governance and Regulatory Compliance	Compliance Audit of Formula Funding (Division of Enrollment)	UNT	No findings/deficiencies.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2015	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	None	NA	NA	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2015	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	The name of a former employee is listed as the contact on monthly statements	Moderate	Recommendation for the Chair of Finance, Insurance, Real Estate, and Law: Coordinate with the Vice President for Finance and Administration to correct the contact name on the monthly statement. Implementation will provide assurance that the current Vice President of Finance and Administration will be listed on the monthly statements and assist in assuring compliance with Section 3-2.	1. Management agrees. The chair of the FIREL department has scheduled a meeting for January 29, 2015 with the Vice President for Finance to discuss the issue.	The Chair of FIREL with assistance from the Vice President for Finance and Administration	1/29/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2015	Governance and Regulatory Compliance	UNT Facilities Certification Review	UNT	Based on the results of procedures performed, we concluded the projects and acquisitions of real property submitted to Texas Higher Education Coordinating Board (THECB) received required approvals, re-approvals or review, and were completed in accordance with rules established by the Texas Administrative Code and within the parameters specified in the project applications that were submitted to THECB.	NA	None	NA	NA	NA	NA

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Internal	UNT System Internal Audit	Fiscal Year 2015	Governance and Regulatory Compliance	UNT Presidents' Expenditures	UNT	Travel reimbursements were not reviewed and approved by the Chancellor as required by the terms of the employment agreements. Instead, travel reimbursements were reviewed and approved by Vice President for Finance or the Vice President for Research. We discussed this observation with management and prior to the end of our work, management changed this practice and now all vouchers are approved by the Chancellor.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2015	Governance and Regulatory Compliance	Chancellor's Expenditures Review	UNT System	None	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2015	Governance and Regulatory Compliance	HSC Presidents' Expenditures Review	UNTHSC	Auditors reviewed purchases made via the eProcurement (EPro) process and with the purchasing card (PCard) for fiscal year 2014. The results disclosed that PCard reconciliations did not contain a reconciler signature. This observation was discussed with management during the review, who agreed to take the PCard refresher training course offered by the BSC and that future expense reports generated by the Citibank Global Management System are prepared and will include cardholder, reconciler and approver signatures.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2015	Governance and Regulatory Compliance	UNT Dallas President's Expenditures Review	UNT Dallas	Auditors reviewed purchases made via the eProcurement (EPro) process and with the purchasing card (PCard) for fiscal year 2014. The results disclosed that PCard reconciliations did not contain a reconciler signature. This observation was discussed with management during the review, who agreed to take the PCard refresher training course offered by the BSC and that future expense reports generated by the Citibank Global Management System are prepared and will include cardholder, reconciler and approver signatures.	NA	None	NA	NA	NA	NA
External	Booze-Allen-Hamilton	Fiscal Year 2015	Research	NSF desk review of all NSF awards (Office of Grant and Contract Administration)	UNT	No findings/deficiencies.	NA	None	NA	NA	NA	NA
External	Grant Thornton	Fiscal Year 2015	Governance and Regulatory Compliance	CPRIT Grant financial and compliance audit (State) (Office of Grant and Contract Administration)	UNT	No findings/deficiencies.	NA	None	NA	NA	NA	NA
External	OneStar	Fiscal Year 2015	Governance and Regulatory Compliance	OneStar financial and compliance audit (Federal) (Office of Grant and Contract Administration)	UNT	No findings/deficiencies.	NA	None	NA	NA	NA	NA
External	Texas Higher Education Coordinating Board	Fiscal Year 2015	Academic and Students	College Readiness Grant financial audit (State) (Office of Grant and Contract Administration)	UNT	No findings/deficiencies.	NA	None	NA	NA	NA	NA

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External	Texas Higher Education Coordinating Board	Fiscal Year 2015	Academic and Students	College Access Challenge Grant financial audit (State) (Office of Grant and Contract Administration)	UNT	No findings/deficiencies.	NA	None	NA	NA	NA	NA
External	Texas Higher Education Coordinating Board	Fiscal Year 2015	Governance and Regulatory Compliance	Sandia National Lab (Federal) financial and compliance audit (Office of Grant and Contract Administration)	UNT	No findings/deficiencies.	NA	None	NA	NA	NA	NA
Internal	UNT System IT Shared Services	Fiscal Year 2015	Information Technology	Local Audit of Phone Numbers and User Access - IT Shared Services	UNT System	NA	NA	NA	NA	NA	NA	NA
External	Merki & Associates P.C.	Fiscal Year 2016	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Provide Direct Institutional Support budget vs actual figures for the year ended August 31, 2015 and explain any variances above 10% and \$50,000.	None	NA	NA	Closed
External	Merki & Associates P.C.	Fiscal Year 2016	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Confirm the placement of Medical Expenses and Insurance is in line with NCAA and University standards and best practices.	None	NA	NA	Closed
External	Merki & Associates P.C.	Fiscal Year 2016	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Provide explanations for any variances that exceed 10% and \$50,000. If any items need to be reclassified after examination of the variances, please do so accordingly and re-submit the appropriate reports.	None	NA	NA	Closed

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External	Merki & Associates P.C.	Fiscal Year 2016	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Confirm the placement of all NCAA distributions is in line with NCAA and University standards and best practices.	None	NA	NA	Closed
External	Merki & Associates P.C.	Fiscal Year 2016	Governance and Regulatory Compliance	FY2014 NCAA Agreed-Upon Procedures (Athletics)	UNT	We obtained the intercollegiate athletics statements of revenue and expenses for the year ended August 31, 2015 as prepared by management and included herein. We compared the amounts on the statements to the fiscal year 2015 transactions listing or verified proper summarization of amounts from the transactions listing of the entire athletic department and found differences. These differences were primarily category misclassifications, which were subsequently corrected. Additionally, we performed a review of the transactions listing for items improperly excluded from the statements. No such amounts were found.	NA	Confirm no Prepaid Expenses exist for FY2016 that need to be moved to FY2015.	None	NA	NA	Closed
External	Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)	Fiscal Year 2016	Governance and Regulatory Compliance	Review of Project Milestone Progress; 1115 Waiver	UNTHSC	Midpoint Assessment: Identify Risk To Project Achievement - Project #138980111.2.6	NA	None	NA	NA	NA	NA
External	Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)	Fiscal Year 2016	Governance and Regulatory Compliance	Review of Project Milestone Progress; 1115 Waiver	UNTHSC	Midpoint Assessment: Identify Risk To Project Achievement - Project #138980111.1.7	NA	None	NA	NA	NA	NA
External	Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)	Fiscal Year 2016	Governance and Regulatory Compliance	Review of Project Milestone Progress; 1115 Waiver	UNTHSC	Midpoint Assessment: Identify Risk To Project Achievement - Project #138980111.1.8	NA	Possible Plan Modification: Provider (HHSC) should consider revising the language for the goal I-18.3 to make clear they are reporting on individuals. NOTE: HHSC completed revision.	NA	NA	NA	NA
External	Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)	Fiscal Year 2016	Governance and Regulatory Compliance	Review of Project Milestone Progress; 1115 Waiver	UNTHSC	Midpoint Assessment: Identify Risk To Project Achievement - Project #138980111.1.4	NA	None	NA	NA	NA	NA
External	Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)	Fiscal Year 2016	Governance and Regulatory Compliance	Verification of Patient Outcome Baseline Milestone Achievement; 1115 Waiver	UNTHSC	No errors found in baseline. Supporting documentation for sample baseline data had 2 identified issues. Baseline Rate = .702128	NA	None	NA	NA	NA	NA

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External	Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)	Fiscal Year 2016	Governance and Regulatory Compliance	Verification of Patient Outcome Baseline Milestone Achievement; 1115 Waiver	UNTHSC	Verify Patient Outcome Baseline Data - Project#138980111.3.204	NA	None	NA	NA	NA	NA
External	Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)	Fiscal Year 2016	Governance and Regulatory Compliance	Verification of Patient Outcome Baseline Milestone Achievement; 1115 Waiver	UNTHSC	Verify that 75 Patients Received Services Between 10/1/2013 and 9/30/2014 - Project# 138980111.2.5	NA	None	NA	NA	NA	NA
External	Myers and Stauffer LC on behalf of Texas Health and Human Services Commission (HHSC)	Fiscal Year 2016	Governance and Regulatory Compliance	Verification of Community Based Clinics/Mobile Teams Milestone Achievement	UNTHSC	Verify that 2 community based clinics were established and providing services between 10/1/2013 and 9/30/2014. Verify that 4 mobile clinic teams were established and providing services between 10/1/2013 and 9/30/2014. - Project# 138980111.1.2	NA	None	NA	NA	NA	NA
External	State Auditor's Office	Fiscal Year 2016	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015	UNT	<u>Cost of Attendance:</u> For 15 (24 percent) of 62 students tested, the University of North Texas (University) incorrectly or inconsistently calculated COA. Making incorrect COA calculations could result in underawards or overawards of financial assistance.	NA	The University should: - Include loan fees in COA only for students who receive loans and ensure that it does not make overawards of financial assistance as a result of removing the loan fees.	<u>Cost of Attendance (COA)</u> Management implemented changes last year in August 2014 to include loan fees in the COA budget for students who receive loans and ensure that the changes do not cause overawards of financial assistance as a result of removing the loan fees. Management modified the existing process to make adjustments more frequently throughout the year. Management implemented changes to identify students who have default values within the COA and have an ISIR to calculate each student's COA based on the correct budget.	Dena Guzman-Torres and Lacey Thompson	7/1/2015	Closed
External	State Auditor's Office	Fiscal Year 2016	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015	UNT	<u>Cost of Attendance:</u> For 15 (24 percent) of 62 students tested, the University of North Texas (University) incorrectly or inconsistently calculated COA. Making incorrect COA calculations could result in underawards or overawards of financial assistance.	NA	The University should: -Calculate each student's COA based on the correct budget.	<u>Cost of Attendance (COA)</u> Management implemented changes last year in August 2014 to include loan fees in the COA budget for students who receive loans and ensure that the changes do not cause overawards of financial assistance as a result of removing the loan fees. Management modified the existing process to make adjustments more frequently throughout the year. Management implemented changes to identify students who have default values within the COA and have an ISIR to calculate each student's COA based on the correct budget.	Dena Guzman-Torres and Lacey Thompson	7/1/2015	Closed

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External	State Auditor's Office	Fiscal Year 2016	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015	UNT	<u>Satisfactory Academic Progress</u> : The University's SAP policy did not meet certain federal requirements at the beginning of the award year. As a result, for 2 (3 percent) of 62 students tested, the University did not correctly determine their SAP status.	NA	The University should: -Continue to ensure that its SAP policy meets federal requirements by calculating the quantitative pace requirement on a cumulative basis, rather than an annual basis; ensuring that the policy requires students to graduate within the maximum time frame; and making the SAP policy at least as strict as its academic policy.	<u>Satisfactory Academic Progress</u> Management implemented changes in the middle of the term last year in November 2014, after it was identified by the auditors, to its SAP policy to meet federal requirements by calculating the quantitative pace requirement on a cumulative basis, rather than an annual basis; to ensure students graduate within the maximum time frame to make the SAP policy as strict as its academic policy.	Dena Guzman-Torres and Lacey Thompson	11/1/2014	Closed
External	State Auditor's Office	Fiscal Year 2016	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015	UNT	<u>Federal Pell Grant</u> : The University did not disburse Federal Pell Grant funds to one student who was eligible to receive those funds.	NA	The University should: - Disburse Federal Pell Grant funds to all eligible students.	<u>Pell Grants</u> Management implemented changes to ensure the disbursement of Federal Pell Grant funds to all eligible students.	Abby Goynes and Lacey Thompson	7/1/2015	Closed
External	State Auditor's Office	Fiscal Year 2016	Finance	State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2015	UNT	For 4 (7 percent) of 60 students who had a status change, the University submitted inaccurate effective dates to NSLDS. That occurred because the University had identified errors in its February 2015 report submission to NSC and, therefore, delayed submission of its enrollment report . That delay caused the effective dates to be reflected inaccurately in NSLDS. Not reporting effective dates accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.	NA	The University should accurately report effective dates to NSLDS.	Management is attentive to the U.S. Department of Education requirements regarding reporting dates of student enrollment status changes. Management has implemented a change to the internal National Student Clearinghouse Enrollment Report to help ensure the accuracy enrollment change dates.	Bryan Heard	8/1/2015	Closed
External	State Auditor's Office	Fiscal Year 2016	Finance	State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2015	UNT	During this audit, the University of North Texas's (University) Office of General Counsel disclosed to auditors that the University conducted an internal investigation related to the effort that one of its researchers charged to a federal award. The University determined that the associated payroll charges of \$68,236 resulted from unintentional errors related to the effort that researcher reported. In response to the increased risk related to payroll charges, auditors tested additional payroll related expenditures at the University but did not identify any additional instances of noncompliance or control deficiencies.	NA	The University should: -Coordinate the repayment of all questioned costs with the awarding agency.	The University of North Texas will deduct \$68,236 in questioned costs from the next invoice submitted to the awarding agency. Supporting documentation will be provided to the State Auditor's Office.	Dr. David Schultz and Britt Khovjak	February 29, 2016	Closed
External	State Auditor's Office	Fiscal Year 2016	Finance	State of Texas Compliance with Federal Requirements for the Research and Development Cluster for the Fiscal Year Ended August 31, 2015	UNT	During this audit, the University of North Texas's (University) Office of General Counsel disclosed to auditors that the University conducted an internal investigation related to the effort that one of its researchers charged to a federal award. The University determined that the associated payroll charges of \$68,236 resulted from unintentional errors related to the effort that researcher reported. In response to the increased risk related to payroll charges, auditors tested additional payroll related expenditures at the University but did not identify any additional instances of noncompliance or control deficiencies.	NA	The University should: -Improve controls related to the review and approval of effort charged to federal awards to help ensure that all charges are based on the effort contributed to federal awards.	A regular training regimen is being implemented with all principal investigators involved in federally funded research. The training includes reinforcement of requirements for supporting documentation for hours worked and allocation of effort.	Dr. David Schultz and Britt Khovjak	9/30/2016	Closed

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External	State Auditor's Office	Fiscal Year 2016	Finance	Agencies', Higher Education Institutions', and Community Colleges' Compliance with Public Investment Reporting Requirements	All components	Were Not Fully Compliant with the Act (Source: State Auditor's Office review of the compliance audit reports that internal or external auditors issued.)	NA	None	NA	NA	NA	NA
External	State Auditor's Office	Fiscal Year 2016	Finance	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2015	UNT	NA	NA	None	NA	NA	NA	NA
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-01 Safety: Fire Safety: Fire Extinguisher (Library) - SORM noted during the consultation that the fire extinguisher in the Center for Innovative Learning, room 448 in the Library, was a Carbon Dioxide "B/C" type of extinguisher.	NA	SORM recommends that UNTHSC replace this extinguisher with an A/B/C Dry Chemical type of extinguisher due to the hazard classification and type of combustible material present in this location, as per the NFPA standards referenced below. References: NFPA-101 (2015), "Life Safety Code," Chapters 39.3.5; 9.7.4.1; NFPA-10 (2013), "Standard for Portable Fire Extinguishers," Chapters 5.1, 5.2.1, 5.4.1.2	Fire Extinguisher was replaced with the proper type.	Matthew Moncus, Director, Safety Office	11/13/2015	Closed
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-02 Safety: Fire Safety: Exit Signage (PCC Building) - SORM noted during the consultation that the hallway on the first floor near room 174 was lacking a required exit sign to direct travel in emergency situations.	NA	SORM recommends that the university install an approved, listed exit sign in accordance with the NFPA standard referenced below. References: NFPA-101 (2015), "Life Safety Code," Chapters 39.2.10, 7.10.2.1	Signs will be ordered and installed by Facilities.	Matthew Moncus, Director, Safety Office	1/31/2016	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-03 Safety: Fire Safety: Escutcheon Plate (PCC Building) - SORM noted during the consultation that an escutcheon plate was missing on one of the sprinkler heads on the first floor of the PCC building, near room 174.	NA	SORM recommends that the university replace this escutcheon plate in accordance with the NFPA standard referenced below. References: NFPA-101 (2015), "Life Safety Code," Chapters 4.6.12.4, 9.7.1.1; NFPA-13 (2016), "Standard for the Installation of Sprinkler Systems," Chapter 6.2.7	Escutcheon plate was replaced.	Matthew Moncus, Director, Safety Office	11/6/2015	Closed
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-04 Safety: Electrical Safety: Junction Box Cover (RES Building) - SORM noted during the consultation that a junction box in room 1M3 on the first floor of the RES building was missing its required cover.	NA	SORM recommends that the university cover the junction box in accordance with the NFPA standard referenced below. Reference: NFPA-70 (2014), "National Electrical Code," Article 314.28(C)	Cover was replaced by Facilities.	Matthew Moncus, Director, Safety Office	11/12/2015	Closed
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-05 Safety: Fire Safety: Exit Signs (PCC Building) - SORM noted during the consultation that many of the exit signs at the end of the hallways in the PCC Building were insufficiently lit and some were pointing in the wrong direction for egress.	NA	SORM recommends that the university replace all exit signs that are not illuminated in accordance with the NFPA standard below, and ensure that the chevrons point in the correct direction of travel. References: NFPA-101 (2015), "Life Safety Code," Chapters 21.2.10, 7.10, 7.10.5.1	Signs will be ordered and installed by Facilities.	Matthew Moncus, Director, Safety Office	1/31/2016	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-06 Safety: Chemical Safety/Hazard Communication: Eyewash Stations (RES Building) - SORM noted during the consultation that many of the eyewash stations in the RES Building had not been inspected since August of 2015.	NA	SORM recommends that the university conduct documented inspections of these eyewash stations with a frequency in accordance with the manufacturer's specifications and the ANSI standard referenced below. Reference: ANSI/ISEA (2014), z358.1, "Standard for Emergency Eyewash and Shower Equipment"	The Safety Office has created an inspection checklist with frequencies for eyewashes and safety showers, and will conduct the inspections accordingly.	Matthew Moncus, Director, Safety Office	11/30/2015	Closed

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External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-07 Safety: Fire Safety: Mechanical/Boiler/Electrical Equipment Rooms - SORM noted during the consultation that many of the mechanical, boiler, and electrical equipment rooms on campus were being used to store combustible materials such as cardboard boxes, paper, etc.	NA	SORM recommends that the university remove all combustible materials from boiler rooms, mechanical rooms, and electrical equipment rooms in accordance with the NFPA standard referenced below. (Note: Chapter 10.19.5.2 of NFPA-1 states that "Materials and supplies for the operation and maintenance of the equipment in the room shall be permitted.") Reference: NFPA-1 (2015), "Fire Code," Chapters 10.19.5.1, 10.19.5.2	Combustible materials have been removed from mechanical/electrical/boiler rooms.	Matthew Moncus, Director, Safety Office	12/4/2015	Closed
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-08 Safety: Occupational Noise: Testing (EAD Boiler Room) - SORM noted during the consultation that the EAD Boiler Room was an area of concern with regard to excess occupational noise.	NA	SORM recommends that the university measure the noise levels in this area as per the OSHA standard referenced below, and determine if a hearing protection program should be implemented. Reference: OSHA, 29 CFR 1910.95, "Occupational Noise Testing"	Noise levels were measured and were determined to be below the 85dB threshold for implementing a hearing protection program. However, hearing protection will be made available and training will be conducted on proper usage of hearing protection for employees who may work in that area.	Matthew Moncus, Director, Safety Office	12/11/2015	Closed
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-09 Safety: Fire Safety: Electrical Panelboard (CBH Building) - SORM noted during the consultation that an electrical panelboard in room 5ME1 was missing a list of what each circuit breaker controls.	NA	SORM recommends that the university label this panelboard in accordance with the NFPA standard referenced below. Reference: NFPA-70 (2014), "National Electrical Code," Article 408.4	The Facilities Electrician has been assigned to properly label the panel board.	Matthew Moncus, Director, Safety Office	12/23/2015	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-10 Safety: Fire Safety: Escutcheon Plate (CBH Building) - SORM noted during the consultation that an escutcheon plate over a sprinkler head on the fifth floor of the CBH Building was missing.	NA	SORM recommends that the university replace this escutcheon plate in accordance with the NFPA standards referenced below. References: NFPA-101 (2015), "Life Safety Code," Chapters 4.6.12.4, 9.7.1.1; NFPA-13 (2016), "Standard for the Installation of Sprinkler Systems," Chapter 6.2.7	Escutcheon plate was replaced.	Matthew Moncus, Director, Safety Office	11/6/2015	Closed
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-11 Safety: Fire Safety: Exit Sign (CBH Building) - SORM noted during the consultation that an exit sign near the 2S2 stairwell is insufficiently lit.	NA	SORM recommends that the university replace this exit sign with one that performs in accordance with the NFPA standard referenced below. Reference: NFPA-101 (2015), "Life Safety Code," Chapters 39.2.10, 7.10, 7.10.5.1	Signs will be ordered and installed by Facilities.	Matthew Moncus, Director, Safety Office	1/31/2016	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-12 Safety: Fire Safety: Electrical Panelboard (UNT-System HR Building) - SORM noted during the consultation that an electrical panelboard in the exterior mechanical room of the UNT-System HR Building was missing a required knockout and a list indicating which circuit each circuit breaker controls.	NA	SORM recommends that the university insert the knockout and label as per the NFPA standard referenced below. Reference: NFPA-70 (2015), "National Electrical Code," Articles 408.4, 110.12 [A]	Building is scheduled to be unoccupied within the next 2 months, and is scheduled to be demolished soon after.	Matthew Moncus, Director, Safety Office	2/29/2016	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-13 Safety: Electrical Safety: GFCI Protection – Electric Water Fountain (General Services Building) - SORM noted during the consultation that an electric water fountain in the General Services Building was not protected by either a GFCI receptacle or circuit breaker.	NA	SORM recommends that the university install GFCI protection in this area in accordance with the NFPA standard referenced below. Reference: NFPA-70 (2015), "National Electrical Code," Article 422.52	The Facilities Electrician has been assigned the task to provide GFCI protection for the water fountains.	Matthew Moncus, Director, Safety Office	1/31/2016	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-14 Safety: Emergency Management: Shelter-in-Place Drill - SORM noted during the consultation that although the university has excellent emergency management policies in place, a shelter-in-place drill had not been conducted recently.	NA	SORM recommends that the university conduct a "worst case scenario" shelter-in-place drill for all buildings on campus, including both employees and students in the procedure. Reference: RMTSA Guidelines, Volume III, Section Two, Chapter 6, Subchapter 6.5	A shelter-in-place drill matrix has been created that establishes a drill schedule for each building on campus. Each building will be drilled individually and performance will be evaluated by the Safety Office. A campus wide drill will be integrated into our annual emergency management exercise.	Matthew Moncus, Director, Safety Office	10/28/2016 (Exercise is scheduled based on availability of City of Fort Worth resources.)	All SORM recommendations are open until the next SORM visit, in November, 2016.
External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	16-11-15 Risk Management: Policies/Procedures: Incident Investigations - SORM noted during the consultation that root cause analyses of appropriate incidents is not currently occurring in a formalized manner.	NA	SORM recommends that the university provide incident investigation training for at least the University Safety Officer. Upon completion of this training, root cause analyses should be conducted for each appropriate incident that occurs. Reference: RMTSA Guidelines, Volume III, Section Two, Chapter 5, Subchapter 5.7	The Safety Director will attend an incident investigation course and conduct root cause analyses for each incident.	Matthew Moncus, Director, Safety Office	5/31/2016 Not yet implemented. SORM stopped offering this course, and an alternative has not been identified.	All SORM recommendations are open until the next SORM visit, in November, 2016.

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External	State Office of Risk Management	Fiscal Year 2016	Governance and Regulatory Compliance	Risk Management Program Review	UNTHSC	<p>16-11-16 Risk Management: Policies/Procedures: Facilities Maintenance Staff - SORM noted during the consultation that there were several factors that may cause additional stresses on the current structure of the facilities maintenance staff, potentially resulting in required maintenance procedures not being completed as required by various safety codes. These factors include but are not limited to:</p> <ul style="list-style-type: none"> • Growth in the square footage of the university's structures, with new buildings being constructed and/or the expansion of current facilities. • New emphasis from the Texas State Fire Marshal's Office on the enforcement of the SFMO directive from 2005 about frequency of testing of natural gas lines. • Adoption of NFPA-1 (Fire Code) as the inspection document of the State Fire Marshal's Office, who is the Authority Having Jurisdiction regarding fire/life safety of all state assets. This standard works in conjunction with the previously-adopted NFPA-101 (Life Safety Code), however, it covers many more hazards. • The availability of and desire to obtain and utilize an infra-red scanning device to detect electrical issues on campus before they result in failure and subsequent fire. 	NA	<p>Considering all of these factors, SORM recommends that the university use a formal risk assessment process to consider whether the current structure and size of the facilities maintenance staff is and will continue to be adequate to meet these needs and others that may emerge over time. Reference: RMTSA Guidelines, Volume III, Section Two, Chapter 2, Subchapter 2.4</p>	<p>An assessment will be conducted to determine appropriate staffing levels.</p>	Matthew Moncus, Director, Safety Office	<p>8/31/2016</p> <p>Not yet implemented. An assessment of only Safety personnel revealed appropriate staffing levels based on square footage, population, and workload.</p>	<p>All SORM recommendations are open until the next SORM visit, in November, 2016.</p>
External	Texas Comptroller of Public Accounts	Fiscal Year 2016	Finance	Post-Payment Audit	UNT System	<p>Payroll transactions and payroll deductions: Incorrect payment of accrued vacation time.</p>	NA	<p>We recommend the System enhance its internal controls to prevent incorrect payments of accrued vacation time.</p> <p>The System should consider recovering the amount of overpayments in accordance with Texas Government Code, Chapter 666, unless it determines it is not cost effective to do so. In addition, the System must compensate the employee for the underpaid amount.</p>	<p>The UNT System Administration agrees with this finding and requirements. During the time period audited, the Payroll Department was in a stage of transition to a centralized, shared service organization established to provide payroll services to all UNT System institutions.</p> <p>The UNT System is also currently undergoing a major financial transformation to review all financial-related processing activities throughout all institutions. All payroll processing activities are being reviewed to establish best practices and controls that will help minimize errors in the future.</p> <p>Vacation payouts were calculated using an annualized approach. The underpayment error identified an unknown weakness in this approach and therefore identified a need to change the methodology, which has since been made. Also, under the historical practice, individual vacation payout calculations were completed with no review. A new process has been implemented that provides for a secondary review of payout calculations.</p> <p>The two overpayments that were the results of human error were analyzed to determine the cost/benefit for attempting to collect overpayments from past employees.</p>	Abdul Mohammad, Senior Director of Operations	NA	Closed

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External	Texas Comptroller of Public Accounts	Fiscal Year 2016	Finance	Post-Payment Audit	UNT System	Payroll transactions and payroll deductions: Incorrect longevity payment amount.	NA	<p>The System should verify months of service data for its employees and enhance its internal controls to prevent incorrect longevity payment amounts.</p> <p>In addition, the System should verify all personnel files and ensure that prior state service is properly verified and documented for its employees.</p>	<p>The UNT System Administration agrees with this finding and requirements. During the time period audited, the Human Resources Department was in a stage of transition to a centralized, shared service organization established to provide HR related services to all UNT System institutions.</p> <p>The UNT System is currently undergoing a major financial transformation to review all financial-related processing activities throughout all institutions. Longevity processing is being reviewed to establish best practices and controls that will help minimize errors in the future.</p> <p>The Human Resources Department will finalize implementation of an automated process that calculates state service date and create a Prior State Service web page on our Human Resources website to provide each employee with general information about Prior State Service and prior state service periods we have on record.</p> <p>The overpayment amounts identified during the audit were collected from the employees.</p>	Luis Lewin, Associate Vice Chancellor Human Resources	9/1/2016	Open
External	Texas Comptroller of Public Accounts	Fiscal Year 2016	Finance	Post-Payment Audit	UNT System	Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.	NA	<p>The System must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner:</p> <ul style="list-style-type: none"> Personnel transactions are timely when they are successfully reported to HRIS on or before the seventh day of the month following the effective date. 	<p>The UNT System Administration agrees with this finding and requirements. HRIS reporting is currently managed by the Payroll Department in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized.</p> <p>However, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.</p>	Abdul Mohammad, Senior Director of Operations	NA	Closed
External	Texas Comptroller of Public Accounts	Fiscal Year 2016	Finance	Post-Payment Audit	UNT System	Payroll transactions and payroll deductions: Non-compliance with Human Resource Information System (HRIS) reporting requirements.	NA	<p>The System must ensure that all payroll and personnel transactions are reported to HRIS in a timely manner:</p> <ul style="list-style-type: none"> Payroll transactions are timely when they are reported and posted in HRIS by the seventh day of the month following the payment date. 	<p>The UNT System Administration agrees with this finding and requirements. HRIS reporting is currently managed by the Payroll Department in the UNT System Controller's Office. The payroll system was upgraded to a new version of PeopleSoft during the time period of the review. Concurrently, the department experienced significant turnover in staffing and is now stabilized.</p> <p>However, it is important to note that the delayed reporting issue was corrected shortly after the system conversion was complete and all employees (new and existing) continue to receive ongoing training to ensure timely reporting is maintained.</p>	Abdul Mohammad, Senior Director of Operations	NA	Closed

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External	Texas Comptroller of Public Accounts	Fiscal Year 2016	Finance	Post-Payment Audit	UNT System	Security: • Four employees who retained the ability to expend funds after termination.	NA	The System must ensure that the person responsible for sending the Comptroller's office the notifications is aware of the designated employee's revocation on or before the date the revocation becomes effective. The System must also follow through with the Comptroller's office to ensure receipt of the request and removal of the employee's security.	The UNT System Administration agrees with this finding and requirements. The process and oversight of managing approvers for expenditures was placed under scrutiny and a new centralized tracking process has been identified to improve controls in this area. This new centralization process will be implemented next fiscal year (beginning Sept. 1, 2015) to better monitor employee terminations and remove expenditure authorization in a timely manner. Future system enhancements are planned to include automated notification of employees terminating who have senior level authority for expenditure approvals and access to critical systems, including USAS, HRIS, banking and internal systems. The UNT System Administration will also work closely with the State Comptroller's Office to confirm receipt of requests related to terminating access in the future.	Joey Saxon, Senior Director UNT System Business Support Services	12/31/2015	Closed
External	Texas Comptroller of Public Accounts	Fiscal Year 2016	Finance	Post-Payment Audit	UNT System	Security: • One employee who retained the security to expend funds after authority expired.	NA	The System must ensure that the person responsible for sending the Comptroller these notifications is aware of the designated employee's revocation on or before the date the revocation becomes effective. The System must also follow through with the Comptroller to ensure the receipt of the notification and that the removal of the employee's security occurs.	The UNT System Administration agrees with this finding and requirements. The process and oversight of managing USAS access was placed under scrutiny and a new centralized tracking process has been identified to improve controls in this area. This new centralization process will be implemented next fiscal year (beginning Sept. 1, 2015) to better monitor employee terminations and remove access in a timely manner. Future system enhancements are planned to include automated notification of employees terminating who have senior level authority for expenditure approvals and access to critical systems, including USAS, HRIS, banking and internal systems. The UNT System Administration will also work closely with the State Comptroller's Office to confirm receipt of requests related to terminating access in the future.	Joey Saxon, Senior Director UNT System Business Support Services	12/31/2015	Closed
External	Texas Comptroller of Public Accounts	Fiscal Year 2016	Finance	Post-Payment Audit	UNT System	Internal Control Structure: Two employees can adjust payment instructions in the Texas Identification Number System (TINS) and approve paper vouchers.	NA	The System should periodically review the controls over expenditure processing and segregate each task to the extent possible to ensure that no individual is able to process payments without oversight.	The UNT System Administration agrees with this finding and requirements. The UNT System is also currently undergoing a major financial transformation to review all financial related processing activities throughout all institutions. All USAS, TINS and signature card processing activities are being reviewed to establish best practices and controls that will help minimize errors in the future.	Joey Saxon, Senior Director UNT System Business Support Services	12/31/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Based on procedures performed, the SMIF was in compliance with the Donor's Agreement for calendar year 2014. The funds were appropriately accounted for in accordance with guidelines.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Annual Report Completion Date – The annual report was prepared 47 days late.	Moderate	Prepare and present financial results as the annual report. Disseminate the annual report to all required parties within the time frame set forth in Article IX, section B(c) of the SIG By-Laws.	The department chair has visited with the incoming President of the SIG regarding the recommendations. He has agreed to share the recommendations with the SIG Board of Directors and will plan to meet the 45 day deadline for the 2017 annual financial report and reports thereafter.	SIG Board of Directors	NA	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Annual Report Completion Date – The annual report was prepared 47 days late.	Moderate	Present additional information, such as remarks from the Board of Directors, symposiums attended, and other activities, in a separate report at a later date.	The department chair has visited with the incoming President of the SIG regarding the recommendations. He has agreed to share the recommendations with the SIG Board of Directors and will plan to meet the 45 day deadline for the 2017 annual financial report and reports thereafter.	SIG Board of Directors	NA	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Student-Managed Investment Fund Review	UNT	Voting Summary Form – The number of shares voted to be purchased was missing from two Voting Summary forms.	Low	Ensure that Senior Analysts and Portfolio Managers include the number of shares on the Voting Summary form. Designate one specific location on the Voting Summary form to include the number of shares.	In Spring 2016, the SIG Board of Directors adopted and began using a Recommendation Form and an Equity Order Form. Each form provides a specific location for the number of shares to be sold or purchased.	SIG Board of Directors	NA	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2014 Investments Audit	UNT	Accuracy of Quarterly Investment Report - The book and market value amounts reported in the Total Cash and Investment Amounts section on the UNT Quarterly Investment Report for the period ending May 31, 2014, were not accurate.	Low	Implement a review process of the UNT Quarterly Investment Reports to assure the accuracy of information prior to the issuance of the quarterly report to the Board of Regents and posting of the report on the institution's investment disclosure website.	Concur. It is imperative that information reported by Finance be complete and accurate. Implement a review process of investment reporting prior to issuance to the Board or posting to the public.	James Mauldin, Associate Vice Chancellor for Treasury	11/20/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT)	UNTHSC & UNT	Noncompliance with Business Support Services (BSS) Purchasing Policy – BSS Purchasing Policies for obtaining gift cards used as research participant payments were not followed for 6 of 23 (26%) transactions reviewed for grant ID PP110190. A total of \$8,000 in cash was disbursed from BSS at the request of the University to an UNTHSC employee, who then purchased gift cards from a local vendor. The University was unable to provide support documentation evidencing expenditures related to the purchase and disbursement of gift cards. This issue was included in the audit report issued by Grant Thornton on August 12, 2015.	High	We recommend the Assistant Vice President of Research Administration at UNTHSC to re-educate faculty and staff on policies related to the attainment of gift cards used as research participant payments.	Management agrees with the recommendation and will send a group email to all active award account holders and will post in the Daily News a reminder to follow the procurement guidelines for purchasing gift cards for research participants.	LeAnn Forsberg, AVP Research Administration	11/15/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Cancer Prevention and Research Institute of Texas (CPRIT)	UNTHSC & UNT	Noncompliance with Business Support Services (BSS) Purchasing Policy – BSS Purchasing Policies for obtaining gift cards used as research participant payments were not followed for 6 of 23 (26%) transactions reviewed for grant ID PP110190. A total of \$8,000 in cash was disbursed from BSS at the request of the University to an UNTHSC employee, who then purchased gift cards from a local vendor. The University was unable to provide support documentation evidencing expenditures related to the purchase and disbursement of gift cards. This issue was included in the audit report issued by Grant Thornton on August 12, 2015.	High	In addition, we recommend the Associate Vice Chancellor for Finance and Administration to re-educate staff on the review process of support documentation that is provided by UNT components to ensure it is appropriate based on the request.	Business Support Services (formerly Business Services Center) concurs with the recommendation. We have notified our procurement staff of the expectation that they follow the current guidelines associated with the gift card purchases. Additionally, we have also implemented a secondary approval process for all gift card purchase requests. The secondary approval must come from the Senior Director of Procurement, Director of Purchasing or Associate Vice Chancellor for Finance and Administration effectively immediately (10/29/2015).	Donna Asher, Associate Vice Chancellor for Finance and Administration	10/29/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2014 Investments Audit	UNTHSC	UNTHSC is in compliance with the PFIA, Regents Rule 10.100, and the UNT System Regulation 08.2000. In addition, UNTHSC is in compliance with state higher education investment reporting requirements including SAO Article III, Rider 5 requirements.	NA	None	NA	NA	NA	NA

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2014 Investments Audit	UNT System	<p>Compliance with System Policy Requirements – Based on Internal Audit’s detail review of investment information reported for period ending May 31, 2014, the resulting recalculation of short term and long term investment percentages for UNT System based on market values were 50.6% and 49.4% respectively. These percentage investment results were not within establish Board approved investment percentage range requirements for short and long term investments.</p> <p>Per UNT System policy 08.2000 the range for short term investments is to be at least 55% but not more than 75%. For long term investments the percentage range is to be at least 25% but not more than 45%.</p>	Low	Review the Investment of System Funds Regulation 08.2000 pertaining to short and long term investment percentages to determine if the percentage requirement ranges should be updated to reflect the potential actual investment needs of the UNT System and its institutions.	Concur. System Regulation 08.2000 is already under review for potential revisions, including appropriate percentage ranges for each investment pool. In addition, the increased professional staffing in Treasury will allow for improved compliance with the current and future versions of the regulation. Review of System Regulation 08.2000 to determine if modification is needed and resulting Board Order, if so.	James Mauldin, Associate Vice Chancellor for Treasury	12/1/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2014 Investments Audit	UNT Dallas	UNT Dallas is in compliance with the PFIA, Regents Rule 10.100, and the UNT System Regulation 08.2000. In addition, UNT Dallas is in compliance with state higher education investment reporting requirements including SAO Article III, Rider 5 requirements.	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Conflict of Interest – UNT System / UNT / UNT Dallas – The current Conflict of Interest policy relies on self-disclosure. Currently, there is no formal process in place to determine and document if an investment officer or any authorized designee has a personal business relationship with a business organization offering to engage in an investment transaction with UNT System, UNT, and UNT Dallas.	High	Management to work with Office of General Counsel and Human Resources to establish a mechanism, which includes a conflict of interest disclosure form, through which investment officers self-report annually any real or perceived conflicts of interest.	Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.	James Mauldin, Associate Vice Chancellor for Treasury	8/31/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Conflict of Interest – UNT System / UNT / UNT Dallas – The current Conflict of Interest policy relies on self-disclosure. Currently, there is no formal process in place to determine and document if an investment officer or any authorized designee has a personal business relationship with a business organization offering to engage in an investment transaction with UNT System, UNT, and UNT Dallas.	High	Implement a required annual conflict of interest training program to provide investment officers a clear understanding of their roles and responsibilities related to conflict of interest and steps they would need to take in the event of a concern.	Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.	James Mauldin, Associate Vice Chancellor for Treasury	8/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Conflict of Interest – UNT System / UNT / UNT Dallas – The current Conflict of Interest policy relies on self-disclosure. Currently, there is no formal process in place to determine and document if an investment officer or any authorized designee has a personal business relationship with a business organization offering to engage in an investment transaction with UNT System, UNT, and UNT Dallas.	High	For staff positions which do not require an annual conflict of interest disclosure form to be completed, consider requiring periodic acknowledgement of the institution’s ethics policy from staff, which has conflict of interest embedded within the policy.	Management will work with Office of General Counsel, Human Resources, and the campuses to establish and implement a documented formal procedure that will both provide training on and address conflicts of interest.	James Mauldin, Associate Vice Chancellor for Treasury	8/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Bank Addendum Certificate of Authority – UNT - Testing identified two terminated employees with access to the UNT repurchase sweep account ending in account number 2633.	Moderate	To work with the Institutional CFO’s in establishing an annual review process to ensure that bank account access for employees are appropriate based on their roles and responsibilities.	Online log on credentials were disabled prior to the employees’ termination. Management will review existing processes for improvement opportunities regarding immediate removal of all access for terminated employees. In addition, Treasury will work with the CFO’s regarding establishing a review that occurs no less than annually.	James Mauldin, Associate Vice Chancellor for Treasury	6/30/2016	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Bank Addendum Certificate of Authority – UNT - Testing identified two terminated employees with access to the UNT repurchase sweep account ending in account number 2633.	Moderate	For employees that have an employment status change which includes termination, establish a process to remove access immediately.	Online log on credentials were disabled prior to the employees' termination. Management will review existing processes for improvement opportunities regarding immediate removal of all access for terminated employees. In addition, Treasury will work with the CFO's regarding establishing a review that occurs no less than annually.	James Mauldin, Associate Vice Chancellor for Treasury	6/30/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Conflict of Interest – UNTHSC – One out of three employees (33%) who have access to investment related bank accounts did not complete a conflict of interest disclosure form.	Moderate	Require all applicable staff to be re-educated on the policy.	Management will work with the UNTHSC Compliance Office to establish and implement procedures to notify employees when they have not completed the Conflict Disclosure Form within the required time frame established by UNTHSC and a process for educating staff about possibly detecting conflicts of interest.	Debra Willett, UNTHSC Director Financial Planning & Policy Analysis	5/31/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Conflict of Interest – UNTHSC – One out of three employees (33%) who have access to investment related bank accounts did not complete a conflict of interest disclosure form.	Moderate	Work with the Office of Compliance to implement a monitoring process to ensure applicable staff completes an annual conflict of interest disclosure form.	Management will work with the UNTHSC Compliance Office to establish and implement procedures to notify employees when they have not completed the Conflict Disclosure Form within the required time frame established by UNTHSC and a process for educating staff about possibly detecting conflicts of interest.	Debra Willett, UNTHSC Director Financial Planning & Policy Analysis	5/31/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Inaccuracy of Quarterly Investment Report – UNT System / UNT / UNT Dallas - Testing of the accuracy of quarterly investment reports identified footing errors, instances of ending and beginning balances for successive quarters not matching, incorrect balances for the third quarter and incorrect investment report posted on the investment disclosure website.	Moderate	Review fiscal year 2015 quarterly investment reports for which ending and beginning balances for successive quarters did not match and make necessary corrections. Then, update the investment disclosure websites with the corrected reports.	Fiscal Year 2015 was a transitional year organizationally for a consolidated treasury operation. Treasury has already begun working with the campuses to ensure that the investment reports on the websites are accurate and will continue to do so. A quality review process of these reports has been implemented and will going forward include ensuring that the posting to each campus' website is accurate and complete.	James Mauldin, Associate Vice Chancellor for Treasury	3/31/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Inaccuracy of Quarterly Investment Report – UNT System / UNT / UNT Dallas - Testing of the accuracy of quarterly investment reports identified footing errors, instances of ending and beginning balances for successive quarters not matching, incorrect balances for the third quarter and incorrect investment report posted on the investment disclosure website.	Moderate	Implement a review process for quarterly investment reports to ensure the accuracy of data to be reported prior to the issuance to the Board of Regents and posting on the institution's investment disclosure website.	Fiscal Year 2015 was a transitional year organizationally for a consolidated treasury operation. Treasury has already begun working with the campuses to ensure that the investment reports on the websites are accurate and will continue to do so. A quality review process of these reports has been implemented and will going forward include ensuring that the posting to each campus' website is accurate and complete.	James Mauldin, Associate Vice Chancellor for Treasury	3/31/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Reconciliation to the General Ledger – UNTHSC - The cash account balance per the investment report was different from the balances recorded in the general ledger as of August 31, 2015. The balance per the quarterly investment report was understated by \$4,430,968.57.	Moderate	Establish a process to ensure year-end close is performed on a timely basis.	FY15 was the first time UNTHSC's financial close was managed by UNT System Controller staff, none of whom had experience in prior UNTHSC year-end financial close activities. The year-end financial close process continues to improve since the Financial Transformation Project began. For the preparation of the FY16 Annual Financial Reports, the System Controller is preparing a timeline/schedule that will require each institution to complete their annual financial reports by early October. This would result in general ledger balances being fully reconciled and finalized by the end of September. In addition, the new review process for investment reports will include Accounting staff to ensure reported cash balances reconcile to the GL.	Paula Welch, Associate Controller James Mauldin, Associate Vice Chancellor for Treasury	10/31/2016	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Reconciliation to the General Ledger – UNTHSC - The cash account balance per the investment report was different from the balances recorded in the general ledger as of August 31, 2015. The balance per the quarterly investment report was understated by \$4,430,968.57.	Moderate	Establish a review process to ensure balances in the quarterly investment reports reconcile to the balances in the general ledger.	FY15 was the first time UNTHSC's financial close was managed by UNT System Controller staff, none of whom had experience in prior UNTHSC year-end financial close activities. The year-end financial close process continues to improve since the Financial Transformation Project began. For the preparation of the FY16 Annual Financial Reports, the System Controller is preparing a timeline/schedule that will require each institution to complete their annual financial reports by early October. This would result in general ledger balances being fully reconciled and finalized by the end of September. In addition, the new review process for investment reports will include Accounting staff to ensure reported cash balances reconcile to the GL.	Paula Welch, Associate Controller James Mauldin, Associate Vice Chancellor for Treasury	10/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Presentation of the UNTHSC and UNTHSC Foundation Investments on the Quarterly Investment Reports – UNTHSC - The August 31, 2015 UNTHSC Quarterly Investment Report did not reflect the separation of investments belonging to UNTHSC and to UNTHSC Foundation.	Low	For subsequent periods, UNTHSC should identify and exclude all investments belonging to UNTHSC Foundation from the financial statements and investment reports. If investments are not excluded, properly define on the investment reports which amount is for UNTHSC and for Foundation.	Management believes the Board of Regents should have quarterly visibility to all investments that exist for the benefit of the System and therefore each Foundation's investments should not be excluded. However, we do agree that they should be clearly labeled as such. Treasury is in the process of reformatting all investment reports and will ensure that endowments, both campus and foundation, are included yet clearly labeled. A quality review of these reports is important and has been implemented to ensure that reports to the Board are accurate.	James Mauldin, Associate Vice Chancellor for Treasury	3/31/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Presentation of the UNTHSC and UNTHSC Foundation Investments on the Quarterly Investment Reports – UNTHSC - The August 31, 2015 UNTHSC Quarterly Investment Report did not reflect the separation of investments belonging to UNTHSC and to UNTHSC Foundation.	Low	Establish a review process to ensure investments in the quarterly investment reports are appropriate.	Management believes the Board of Regents should have quarterly visibility to all investments that exist for the benefit of the System and therefore each Foundation's investments should not be excluded. However, we do agree that they should be clearly labeled as such. Treasury is in the process of reformatting all investment reports and will ensure that endowments, both campus and foundation, are included yet clearly labeled. A quality review of these reports is important and has been implemented to ensure that reports to the Board are accurate.	James Mauldin, Associate Vice Chancellor for Treasury	3/31/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Short Term Pool/Long Term Pool Ranges – UNT System / UNT / UNT Dallas - For certain months in fiscal year 2015, short term working capital funds and long term reserves percentage of available cash on hand were outside the ranges prescribed by policy. Additionally, necessary adjustments were not performed to ensure percentages remained within this range as required by the Regulation.	Low	Review the Investment of System Funds Regulation 08.2000 pertaining to short and long term investment percentages to determine if the percentage requirement ranges should be updated to reflect the financial environment of UNT System and its' institutions.	This has already been addressed in the investment policy adopted by the Board on November 20, 2015.	James Mauldin, Associate Vice Chancellor for Treasury	11/20/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Collateralization Below 102% - UNTHSC - For 11 days in August 2015, collateralization for deposit accounts fell below 102% of deposits.	Low	Management should establish and follow procedures to inform the bank of changes in the amount or activity of deposits, that may exceed UNTHSC's collateral value, within a reasonable time before the change occurs.	Management agrees with the recommendation. Management will add additional steps to the current set of collateralization review procedures to ensure that the bank is notified in a more timely manner before large changes in deposits occur and when collateralization falls below the required amount.	Barbara Holt, UNTHSC Senior Director Financial Operations	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Format and Content of Quarterly Investment Reports – UNT System / UNT / UNT Dallas / UNTHSC - The format and content of quarterly investment reports is not consistent across all institutions.	Low	Management should determine if cash should be included in the quarterly investment reports, and once defined apply methodology consistently for all institutions.	Management has been aware of this need and has already targeted the implementation of a new format that will be standard across the System for the first report on Fiscal Year 2016.	James Mauldin, Associate Vice Chancellor for Treasury	2/25/2016	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Format and Content of Quarterly Investment Reports – UNT System / UNT / UNT Dallas / UNTHSC - The format and content of quarterly investment reports is not consistent across all institutions.	Low	Management should determine an appropriate reporting format and once established utilize the new format for all institutions.	Management has been aware of this need and has already targeted the implementation of a new format that will be standard across the System for the first report on Fiscal Year 2016.	James Mauldin, Associate Vice Chancellor for Treasury	2/25/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Annual Review and Adoption of Financial Institutions – UNT System - There was no indication that Board of Regents reviewed and adopted a list of financial institutions for fiscal year 2015.	Low	Establish procedures to ensure compliance with System Regulation 08.2000, Section 2005, paragraph 10 or review the System Regulation to see if requirement is applicable as is and make changes as necessary.	Management will review the regulation to determine appropriateness of the wording as this is not a requirement in the Public Funds Investment Act. Based upon the findings, either the regulation will be revised or procedures will be modified to ensure compliance.	James Mauldin, Associate Vice Chancellor for Treasury	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	FY 2015 Investment Compliance Audit	UNT System, UNT, UNT Dallas, UNTHSC	Outdated Investment Policy – UNTHSC - An outdated institutional investment policy is posted on the webpage under Chapter 10: Fiscal Management. However, this policy was superseded by System Regulation 08.2000 which was approved in August 2012.	Low	Management should update the website to reflect System Regulation 08.2000 and revisions made should be communicated to appropriate personnel.	Management is in agreement with the recommendation. Management will implement additional steps to the current set of procedures to insure timely updating of investment policies and maintaining all required investment disclosures on the institution's website.	Debra Willett, UNTHSC Director Financial Planning & Policy Analysis	5/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with University Policy - The Joint Admission Medical Program (JAMP) agreement was not properly set up in accordance to University Policy Chapter 13.123.	High	Work with appropriate management from the Office of Grants and Contract Management and the Office of Finance to set up JAMP as a sponsored project.	We are in agreement with moving JAMP funds to the Office of Grants and Contract Management. It should be noted that this has never been recommended in any previous audit.	Mike Kennedy, Director of Admissions	12/31/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	UNT Information Security Users Guidelines- Credit Card Sensitive Information	High	Provide training to appropriate personnel in regards to the UNT Information Security Users Guide and PCI Best Practices.	The Purchasing Card Program Supervisor sends a copy of the Citibank statement that includes the full account number each month as supporting documentation for the payment. The account number will be redacted going forward.	Kimberly Bien, Purchasing Card Program Supervisor	10/28/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	UNT Information Security Users Guidelines- Credit Card Sensitive Information	High	Mask credit card information that is transmitted by email, uploaded and retained in the document management system, ApplicationXtender, to help ensure sensitive information is not compromised.	The Purchasing Card Program Supervisor sends a copy of the Citibank statement that includes the full account number each month as supporting documentation for the payment. The account number will be redacted going forward.	Kimberly Bien, Purchasing Card Program Supervisor	10/28/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Lack of Reconciliation Process - Internal Audit was unable to validate the reconciliation process between the FY 2015 Expenditure Reports to the University's Accounting System.	High	Develop procedures to help ensure that the expenditures recorded in the Expenditure Report are reconciled on a regular basis to the Accounting System.	We are in agreement with this assessment. We will set aside periodic reconciliation periods to review JAMP expenditures to the Accounting System.	Mike Kennedy, Director of Admissions	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with JAMP Medical School Expenditure Guidelines - Time and Effort Reporting - During our review of payroll activities related to JAMP, we noted that the JAMP Coordinator salary devoted to the project was based on an estimated average of annual time and effort.	High	Develop procedures to track and verify the accuracy of actual time and effort devoted to the program to help ensure compliance with the JAMP Medical School Expenditure Guidelines.	We are in agreement with the assessment that there is no official tracking of the JAMP Coordinator time and effort (only estimates). With the move of financials to the Office of Grants and Contract Management this will be a part of a new process for reporting time. It should be noted that this has never been recommended in any previous audit.	Mike Kennedy, Director of Admissions	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with JAMP Medical School Expenditure Guidelines - Time and Effort Reporting - During our review of payroll activities related to JAMP, we noted that the JAMP Coordinator salary devoted to the project was based on an estimated average of annual time and effort.	High	Re-evaluate percentage of salary distribution based on actual time and effort to help ensure that it is proportionate to the direct support to the JAMP Project.	We are in agreement with the assessment that there is no official tracking of the JAMP Coordinator time and effort (only estimates). With the move of financials to the Office of Grants and Contract Management this will be a part of a new process for reporting time. It should be noted that this has never been recommended in any previous audit.	Mike Kennedy, Director of Admissions	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with JAMP Medical School Expenditure Guidelines - Out of State Travel (Unallowable Cost) - A total of \$1,309.11 was used to fund out-of-state travel as a direct administrative cost under the JAMP Administrative Distribution.	High	Use a different funding source to cover the out of state travel expenditures and reimburse the JAMP Program account for the amount of \$1,309.11.	We are in agreement with this assessment. We will review JAMP expenditure guidelines to ensure compliance. We will identify another account to reimburse JAMP for the aforementioned expenditures. We also feel that the move of JAMP financials to the Office of Grants and Contract Management will be a better process moving forward.	Mike Kennedy, Director of Admissions	12/1/2015	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with JAMP Medical School Expenditure Guidelines - Out of State Travel (Unallowable Cost) - A total of \$1,309.11 was used to fund out-of-state travel as a direct administrative cost under the JAMP Administrative Distribution.	High	Re-educate the JAMP Coordinator on the JAMP Medical Expenditure Guidelines.	We are in agreement with this assessment. We will review JAMP expenditure guidelines to ensure compliance. We will identify another account to reimburse JAMP for the aforementioned expenditures. We also feel that the move of JAMP financials to the Office of Grants and Contract Management will be a better process moving forward.	Mike Kennedy, Director of Admissions	12/1/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Inadequate Monitoring of Expenditures - Two expenditures were incorrectly processed resulting in an overpayment of \$1,725.00 from the JAMP fund.	High	Request repayment from the JAMP Coordinator for the amount over-reimbursed of \$225.00.	The \$225 reimbursement has been repaid as of 10/22/2015. We will request a refund from the Department of Medical Education for \$1,500.00. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP expenditures.	Mike Kennedy, Director of Admissions	12/1/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Inadequate Monitoring of Expenditures - Two expenditures were incorrectly processed resulting in an overpayment of \$1,725.00 from the JAMP fund.	High	Develop expenditure verification procedures to help ensure that all transactions entered into the Accounting System are verified for accuracy and any errors are timely reported to the appropriate office for correction.	The \$225 reimbursement has been repaid as of 10/22/2015. We will request a refund from the Department of Medical Education for \$1,500.00. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP expenditures.	Mike Kennedy, Director of Admissions	12/1/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Student Wages - For 27 timecards reviewed, hours reported on three timecards could not be reconciled to the student employees' payroll disbursement, for a net effect of \$55.00.	Moderate	Require all personnel entering and approving time and labor to be re-educated on the Hourly Payroll Guidelines.	We are in agreement with this assessment. All staff who are in responsible for time cards will undergo training through BSC on time and labor entry. Internal office procedures will be put in the place to allow more time for reconciliation of hourly payroll.	Mike Kennedy, Director of Admissions	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Student Wages - For 27 timecards reviewed, hours reported on three timecards could not be reconciled to the student employees' payroll disbursement, for a net effect of \$55.00.	Moderate	Implement a process to reconcile time entered in EIS Time and Labor to the employee's timecard prior to the payroll cut-off date.	We are in agreement with this assessment. All staff who are in responsible for time cards will undergo training through BSC on time and labor entry. Internal office procedures will be put in the place to allow more time for reconciliation of hourly payroll.	Mike Kennedy, Director of Admissions	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with Purchasing Card (P-Card) Guidelines - Pcard Guidelines were not always followed.	Moderate	Require all current P-Card holders, reconcilers and approvers to be retrained on P-Card policies and procedures.	We are in agreement with this assessment. Prior to this audit, changes were made in the P-Card usage process within the department. We have moved all P-Card spending to one account holder and assigned a new reconciler to all P-Card transactions. We expect this change will be decrease risk for noncompliance.	Mike Kennedy, Director of Admissions	1/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with Purchasing Card (P-Card) Guidelines - Pcard Guidelines were not always followed.	Moderate	Follow University Business Service P-Card Guidelines.	We are in agreement with this assessment. Prior to this audit, changes were made in the P-Card usage process within the department. We have moved all P-Card spending to one account holder and assigned a new reconciler to all P-Card transactions. We expect this change will be decrease risk for noncompliance.	Mike Kennedy, Director of Admissions	1/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Inappropriately Billing Expenditures to Incorrect Fiscal Years - Testing identified two expenditures that they were not processed within the appropriate fiscal year.	Moderate	Re-educate the JAMP Coordinator on the JAMP Expenditure Report process and monitor until sustained compliance is achieved.	We are in agreement with this assessment. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP expenditures. We also feel that the move of JAMP financials to the Office of Grants and Contract Management will be a better process moving forward.	Mike Kennedy, Director of Admissions	12/1/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Improper Commingling of Revenues and Expenditures - Testing identified that the Summer Internship Program and the Administration Distribution funds are deposited into and expended from the same Department ID.	Low	Consider separating the sources of funds after the JAMP funds are set up as a sponsored project, to help ensure that expenditures are applied to the appropriate funding source.	Office of Grants and Contract Management will follow all standard policies and procedures for project ID management and JAMP terms and conditions.	LeAnn Forsberg, Assistant VP, Research Administration, Grants and Contract Management	12/31/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Untimely Replenishment of Petty Cash - An amount of \$20.47 spent from the JAMP Petty Cash Fund was not replenished in order to be reflected on the Accounting System and the Expenditure Report.	Low	Modify HSC Petty Cash Fund Procedures to enforce the requirement for custodians to replenish the petty cash on a monthly basis, at a minimum, and communicate the updated procedures to all appropriate personnel.	We concur.	Paula J. Welch, Associate Controller	1/31/2016	Open

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Inadequate Support Documentation - Adequate support documentation of attendees were not kept (i.e. missing, not used or not sufficient to support the expenditure) for 12 of 31 (39%) expenditures reviewed related to JAMP activities.	Low	Maintain adequate support for JAMP activities to help ensure that fund is expended for the direct support of JAMP participants.	We are in agreement with this assessment. The Director of Admissions will require all JAMP funded activities maintain a log of participants.	Mike Kennedy, Director of Admissions	12/1/2015	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Untimely Return of Unspent FY 2014 Funds - An amount of \$361.91 of unspent FY 2014 funds was returned untimely to the JAMP Council. The check was issued on December 2, 2014 to refund unspent FY 2014 funds.	Low	Develop a procedure to help ensure that any unspent JAMP funds are returned to the JAMP Council in a timely manner in accordance with JAMP Medical Expenditure Guidelines.	We are in agreement with this assessment. We will establish an internal deadline prior to September 30 for reimbursement for unused funds. This is predicated that the Office of Grants and Contract Management is able to provide timely financial data.	Mike Kennedy, Director of Admissions	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with Travel Guidelines - Untimely Submission of Travel Vouchers - Travel Guidelines were not always followed.	Low	Provide training to faculty and staff on travel policies to help ensure that University Travel Guidelines are followed.	We are in agreement with this assessment. All staff who work with JAMP travel funding will undergo training from BSC. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP expenditures. We also feel that the move of JAMP financials to the Office of Grants and Contract Management will be a better process moving forward.	Mike Kennedy, Director of Admissions	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Joint Admission Medical Program Audit	UNTHSC	Non-Compliance with Travel Guidelines - Untimely Submission of Travel Vouchers - Travel Guidelines were not always followed.	Low	Develop procedures to help ensure travel vouchers are submitted timely to the Business Support Services Travel department.	We are in agreement with this assessment. All staff who work with JAMP travel funding will undergo training from BSC. We will set aside periodic reconciliation periods (approximately every 90 days) to review JAMP expenditures. We also feel that the move of JAMP financials to the Office of Grants and Contract Management will be a better process moving forward.	Mike Kennedy, Director of Admissions	3/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Personally Identifiable Information -During our review of the cashiering area, we identified personally identifiable information (PII) (i.e. social security numbers, birth certificates, marriage license) related to waiver support documentation which dates back to 2007.	High	Develop procedures to help ensure that all personally identifiable information (PII) is appropriately protected against inappropriate access and use in compliance with applicable laws and regulations.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Certain key PII information included in the referenced binder has been imaged and the actual binder has been secured in a locked cabinet. In addition, the waiver documentation and review process requiring the need for this PII information has been transferred out of the UNT Dallas cashier's area and into the UNTS Student Accounting team to centrally manage this important operational matter for all campuses. In addition, key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure PII document retention policies are in compliance with applicable state & federal statutes.	Jeane Olson, Director of Financial Service-Student Finance	11/30/2016	Open

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Personally Identifiable Information -During our review of the cashiering area, we identified personally identifiable information (PII) (i.e. social security numbers, birth certificates, marriage license) related to waiver support documentation which dates back to 2007.	High	Review applicable retention policy and statute limitation in regards to identifying if these documents can be destroyed.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Certain key PII information included in the referenced binder has been imaged and the actual binder has been secured in a locked cabinet. In addition, the waiver documentation and review process requiring the need for this PII information has been transferred out of the UNT Dallas cashier's area and into the UNTS Student Accounting team to centrally manage this important operational matter for all campuses. In addition, key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure PII document retention policies are in compliance with applicable state & federal statutes.	Jeane Olson, Director of Financial Service-Student Finance	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Cash Control – Deposits - Testing identified that funds are not deposited timely within seven days after received by the institution in accordance with the Texas Education Code § 51.003. Additionally, it was noted that funds are received from students by multiple departments within the College of Law but not delivered to the Assistant Registrar for deposit on a timely basis.	High	Develop procedures to help ensure that funds are timely deposited in the institution's bank account in accordance with the statute.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Key team members from UNT System Student Accounting, UNT System Controller's Office, and UNT System Treasury are working with certain 3rd party vendors from the banking and security industries to evaluate the cost / benefit of available improved cash collection technology & armored car service collection procedures.	Jeane Olson, Director of Financial Service-Student Finance	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Inadequate Safeguarding Measures for Payments Received - Safeguarding measures of payments received are not adequate during the collection, receipting, depositing and reconciliation processes.	High	Re-educate personnel on cash handling procedures.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less).	Jeane Olson, Director of Financial Service-Student Finance	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Inadequate Safeguarding Measures for Payments Received - Safeguarding measures of payments received are not adequate during the collection, receipting, depositing and reconciliation processes.	High	Maintain a receipt logs for pre-numbered receipts and routinely review to help ensure that all receipts are accounted for.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less).	Jeane Olson, Director of Financial Service-Student Finance	11/30/2016	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Inadequate Safeguarding Measures for Payments Received - Safeguarding measures of payments received are not adequate during the collection, receipting, depositing and reconciliation processes.	High	Ensure staff do not perform incompatible duties in the cashiering area, re-evaluate system access rights accordingly and develop compensating controls where not possible.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less).	Jeane Olson, Director of Financial Service-Student Finance	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Inadequate Safeguarding Measures for Payments Received - Safeguarding measures of payments received are not adequate during the collection, receipting, depositing and reconciliation processes.	High	Work with the College of Law to identify all areas collecting cash/checks and establish departmental cash controls to help ensure proper segregation of duties are in place in all areas.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less).	Jeane Olson, Director of Financial Service-Student Finance	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Cash Controls - Safe Combination - Combinations to the safe are not modified when there is a change in staff or change in custody of the safe.	High	Develop departmental procedures to help ensure that safe combination is changed periodically and always when there is employee turnover or reassignment in accordance with UNT Cash Control and Departmental Deposit Handbook.	UNT System Student Accounting and UNT System Controller's Office: We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus and UNT Dallas College of Law campus in downtown Dallas. The safe combination at UNT Dallas main campus has been recently changed and new procedures will be put in place to change the safe combination immediately upon key employee turnover or reassignment and on a semi-annual basis at minimum. Due to mechanical limitations preventing the staff's ability to change the existing safe combination located at the UNT Dallas College of Law campus, a new safe will be purchased immediately and procedures (consistent with UNT Dallas main campus) will be put in place to change the safe combination immediately upon key employee turnover or reassignment and on a semi-annual basis at a minimum. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at both campus locations to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less). UNT Dallas College of Law: The College of Law is	Jeane Olson, Director of Financial Service-Student Finance Reynaldo Valencia, College of Law Associate Dean for Finance and Administration and Professor of Law	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Unauthorized Change Fund - An unauthorized change fund for the amount of \$250.00 was established at the UNT System for the purpose of providing change for parking token sales to students and faculty members.	High	Work with University Student Accounting and University Cashiering Services to assist you in establishing departmental cash controls and depositing any cash on hand.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT System in downtown Dallas. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at the campus to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less).	Cynthia Hall, External Relations Director Jeane Olson, Director of Financial Services - Student Finance	11/30/2016	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Unauthorized Change Fund - An unauthorized change fund for the amount of \$250.00 was established at the UNT System for the purpose of providing change for parking token sales to students and faculty members.	High	Submit a justification to the University Purchasing Services Division to establish a cash fund.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT System in downtown Dallas. Key team members from UNT System Student Accounting and UNT System Controller's Office will work with the appropriate staff (as necessary) at the campus to ensure these recommendations, and others as deemed appropriate, are implemented by no later than November 30, 2016 (six months or less).	Cynthia Hall, External Relations Director Jeane Olson, Director of Financial Services - Student Finance	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT System: Cash Controls - Change Fund - A change fund has not been established at the Office of Student Financial Services (University Cashiering) for the purpose of supporting their daily operations in a campus environment where an increased number of student population pays tuition and fees with cash.	Moderate	Establish a change fund at UNT Dallas and update the website to not require students to pay the exact amount.	We concur with your findings and agree to evaluate and implement the recommendations as presented for reducing risk and improving internal controls at the UNT Dallas main campus. The campus has always maintained a desired goal of being a "cash-less" campus (where possible) in order to limit the potential fraud and safety risk inherent with this form of payment. Students are encouraged to pay with check online or at the cashier window and with credit card via online. However, given the greater goal to offer UNT Dallas students the highest quality, student-centered billing and payment services available on campus, key team members from UNT System Student Accounting and UNT System Controller's Office will evaluate and implement an acceptable change fund process at UNT Dallas that adequately serves the needs of the students while still limiting unnecessary risk associated with on-site cash handling procedures.	Jeane Olson, Director of Financial Services - Student Finance	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Security Devices - Although our walkthrough of UNT Dallas Security Devices identified the following, University Administration has initiated a search of security technology vendors prior to this review: <ul style="list-style-type: none"> • 4 out of 25 cameras (16%) were not working properly and no video images were available at the time of review • cameras were not identifiable by a location • record retention protocols were not established • cameras over cashiering were not appropriately positioned to ensure full coverage • cameras and panic buttons were not being tested; therefore, we were unsure whether or not they are actually functioning. 	High	Test all cameras and panic buttons currently in place.	UNT Dallas has begun work on a comprehensive building security technology project as recommended by Internal Audit. The project includes an overhaul of the campus' current security alarm, access, and camera systems. Additionally the campus will implement an emergency notification system including laptop/desktop computer panic buttons in specified locations. The two cameras in the Student Finance cash handling area have been re-positioned as requested. The remainder of the project will be implemented in stages as soon as vendors and funding are approved.	Cliff Jaynes, Chief of Police	3/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Security Devices - Although our walkthrough of UNT Dallas Security Devices identified the following, University Administration has initiated a search of security technology vendors prior to this review: <ul style="list-style-type: none"> • 4 out of 25 cameras (16%) were not working properly and no video images were available at the time of review • cameras were not identifiable by a location • record retention protocols were not established • cameras over cashiering were not appropriately positioned to ensure full coverage • cameras and panic buttons were not being tested; therefore, we were unsure whether or not they are actually functioning. 	High	Repair / replace / reposition nonfunctioning devices.	UNT Dallas has begun work on a comprehensive building security technology project as recommended by Internal Audit. The project includes an overhaul of the campus' current security alarm, access, and camera systems. Additionally the campus will implement an emergency notification system including laptop/desktop computer panic buttons in specified locations. The two cameras in the Student Finance cash handling area have been re-positioned as requested. The remainder of the project will be implemented in stages as soon as vendors and funding are approved.	Cliff Jaynes, Chief of Police	3/1/2017	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Security Devices - Although our walkthrough of UNT Dallas Security Devices identified the following, University Administration has initiated a search of security technology vendors prior to this review: <ul style="list-style-type: none"> • 4 out of 25 cameras (16%) were not working properly and no video images were available at the time of review • cameras were not identifiable by a location • record retention protocols were not established • cameras over cashing were not appropriately positioned to ensure full coverage • cameras and panic buttons were not being tested; therefore, we were unsure whether or not they are actually functioning. 	High	Develop a process to periodically test all cameras and panic buttons.	UNT Dallas has begun work on a comprehensive building security technology project as recommended by Internal Audit. The project includes an overhaul of the campus' current security alarm, access, and camera systems. Additionally the campus will implement an emergency notification system including laptop/desktop computer panic buttons in specified locations. The two cameras in the Student Finance cash handling area have been re-positioned as requested. The remainder of the project will be implemented in stages as soon as vendors and funding are approved.	Cliff Jaynes, Chief of Police	3/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Reconciliation of Application/Orientation Fees -The number of undergraduate/ graduate applicants submitting an application fee payment and the number of students submitting an orientation fee payment are not reconciled to revenues recorded in each respective account in the University Accounting System to help ensure that all payments received were posted in the proper accounts.	High	Develop procedures to help ensure that all application fee and orientation fee revenues collected are reconciled on a regular basis to the University Accounting System.	VP of Student Access and Success will work with the Director of Undergraduate Admissions and the Director of Graduate Admissions to document procedures that ensure application and orientation fee payments are reconciled to match payments with postings of the revenue in the proper accounts. VP and Directors will also work together with Student Finance to correct any inaccurate postings for FY16.	Stephanie Holley, Vice President of Student Access and Success	2/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Reconciliation of Application/Orientation Fees -The number of undergraduate/ graduate applicants submitting an application fee payment and the number of students submitting an orientation fee payment are not reconciled to revenues recorded in each respective account in the University Accounting System to help ensure that all payments received were posted in the proper accounts.	High	Identify any application and orientation fees recorded in the incorrect account and work with Accounting to make any necessary adjusting entries for FY 2016.	VP of Student Access and Success will work with the Director of Undergraduate Admissions and the Director of Graduate Admissions to document procedures that ensure application and orientation fee payments are reconciled to match payments with postings of the revenue in the proper accounts. VP and Directors will also work together with Student Finance to correct any inaccurate postings for FY16.	Stephanie Holley, Vice President of Student Access and Success	2/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Conflict of Interest- Student Workers -During our review of payroll expenditures funded by Student Services Fees, we noted that 3 out of 5 Student Service Fee Advisory Committee members for FY 2015 and 2 out of 5 members for FY 2016 appointed by the Student Government Association were also working as Student Assistants for the Office of Student Affairs.	High	Update the UNT Dallas Student Service Fee Advisory Committee bylaws to prohibit any Student Service Fee Advisory Committee member to be a compensated Student Assistant of any Student Services Fee funded departments other than the Committee itself.	The Student Service Fee Advisory Committee By-laws will be updated to reflect that students who are currently student assistants and funded by student fees may not hold a seat by either Student Government Association appointment or President appointment.	Jamaica Chapple, Dean of Student Affairs	8/22/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Academic Catalogs- During our review of the UNT Dallas Undergraduate and Graduate Catalogs for academic years 2013-2014, 2014-2015 and 2015-2016, we noted that the Catalogs available online did not provide the students current, complete and accurate information.	Moderate	Update the University Catalogs to include accurate tuition and fee information.	VP of Student Access and Success will work with Office of the Registrar to implement a thorough catalog review and revision process to be conducted by each department, even when department information is listed in another department's section, not owned by that division/department. Catalog will be updated to cover current, complete and accurate information.	Stephanie Holley, Vice President of Student Access and Success	2/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Academic Catalogs- During our review of the UNT Dallas Undergraduate and Graduate Catalogs for academic years 2013-2014, 2014-2015 and 2015-2016, we noted that the Catalogs available online did not provide the students current, complete and accurate information.	Moderate	Develop departmental procedures to help ensure that published University Catalogs reflect current tuition and fee information in compliance with University Board of Regents Rules.	VP of Student Access and Success will work with Office of the Registrar to implement a thorough catalog review and revision process to be conducted by each department, even when department information is listed in another department's section, not owned by that division/department. Catalog will be updated to cover current, complete and accurate information.	Stephanie Holley, Vice President of Student Access and Success	2/1/2017	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Apply Texas Billing and Refunds - During our review of graduate application fee credit card payments submitted through ApplyTexas, we noted that applicants were inconsistently charged from February 2014 to September 2015 for graduate application fees.	Moderate	Work with ApplyTexas to identify the reason for the rate discrepancy between fall and spring semesters.	VP of Student Access and Success will work with the Director of Graduate Admissions to request that ApplyTexas identify why inaccurate charging was applied inconsistently to applicants during fall and spring semesters. VP and Directors will also work together with ApplyTexas to identify students improperly charged and refund any overcharges.	Stephanie Holley, Vice President of Student Access and Success	2/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Apply Texas Billing and Refunds - During our review of graduate application fee credit card payments submitted through ApplyTexas, we noted that applicants were inconsistently charged from February 2014 to September 2015 for graduate application fees.	Moderate	Identify and refund any applicants that have been overcharged.	VP of Student Access and Success will work with the Director of Graduate Admissions to request that ApplyTexas identify why inaccurate charging was applied inconsistently to applicants during fall and spring semesters. VP and Directors will also work together with ApplyTexas to identify students improperly charged and refund any overcharges.	Stephanie Holley, Vice President of Student Access and Success	2/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Discrepancy in Billing of 2nd Bachelor's Degree Program - The 2nd Bachelor's application fee amount was not consistently charged to students paying online and via check, money order, or cash. Students are asked to pay \$50.00 via check, money order, or cash to UNT Dallas but \$60.00 online through Nelnet (Online Business/Payment Solution). Although students are not instructed to pay online, this payment option is available on the University website.	Moderate	Work with Student Accounting and University Cashiering to update Nelnet to \$50.00.	VP of Student Access and Success will work with the UNT System Director of Financial Services, Student Finance and the Director of Graduate Admissions to ensure Nelnet is charging the correct amount to 2nd Bachelor's Degree students. VP and Directors will also work together to ensure that all students who may have overpaid are refunded.	Stephanie Holley, Vice President of Student Access and Success	2/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Discrepancy in Billing of 2nd Bachelor's Degree Program - The 2nd Bachelor's application fee amount was not consistently charged to students paying online and via check, money order, or cash. Students are asked to pay \$50.00 via check, money order, or cash to UNT Dallas but \$60.00 online through Nelnet (Online Business/Payment Solution). Although students are not instructed to pay online, this payment option is available on the University website.	Moderate	Identify and refund all students that have overpaid since Summer 2014.	VP of Student Access and Success will work with the UNT System Director of Financial Services, Student Finance and the Director of Graduate Admissions to ensure Nelnet is charging the correct amount to 2nd Bachelor's Degree students. VP and Directors will also work together to ensure that all students who may have overpaid are refunded.	Stephanie Holley, Vice President of Student Access and Success	2/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Student Services Fee Assessment Process - Since FY2011, Student Services Fee (SSF) has been set at \$10.00 per credit hour. During our review, we noted that current SSF process does not encompass the study of SSF amount to assist in evaluating if current rate/amount is sufficient to cover the cost of student services.	Moderate	The Student Service Fee Advisory Committee should expand their processes to include the study of Student Services Fee amount. This will allow stakeholders to perform a student services fee assessment based on feasibility/cost analysis and submit request/propose fee increases with justifications to be study and approved by the SSFAC.	The Student Service Fee Advisory Committee will identify an individual to conduct a needs assessment. A Needs Assessment Survey will be developed and distributed to all students to identify areas of increased need of student service fee funds. Based on the survey data collected the SSFAC will conduct a cost analysis to address feasibility. Based on the results of the analysis and survey data the SSFAC will develop a report so as to address the increase of fees which will be substantiated by the cost analysis and results from the needs assessment survey.	Jamaica Chapple, Dean of Student Affairs	4/30/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Instructional Fee Assessment Process -There is not an instructional fee assessment process in place to allow colleges/schools to request a review of new fees or changes to existing fees.	Moderate	Develop procedures and detailed guidelines to help ensure that colleges/schools could request the establishment of new instructional fees or changes to existing instructional fees for review and approval before presented to the President.	The UNT Dallas Instructional Fees policy was drafted and submitted to the Office of General Counsel for review and approval.	Glenda Balas, UNT Dallas Interim Provost and Senior Vice President for Academic Excellence and Student Success	June 6, 2016 (action plan implemented)	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Student Tuition and Fees Policy - During our review, we noted that UNT Dallas has not adopted policies on student tuition and fees. However, a draft policy on Tuition and Fees has been developed and will be submitted to the Office of General Counsel for review and approval.	Moderate	The draft Tuition and Fees policy should be modified to reflect and define important Tuition and Fee elements and be submitted to the Office of General Council for review and approval.	The UNT Dallas Tuition and Fees policy was drafted and submitted to the Office of General Counsel for review and approval.	Daniel Edelman, Chief Financial Officer and the Executive Vice President for Finance and Administration	3/28/2016 (action plan implemented)	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Incidental Fee Account Balances - During our review of six incidental fee accounts for UNT Dallas and UNT Dallas College of Law for FY 2014, FY 2015 and FY 2016, we noted incidental fee account balances were not rolled forward at the end of each fiscal year. Furthermore, testing identified 1 out of 6 incidental fee accounts had a large unexpended balance for FY 2015.	Moderate	Update the accounts in University Accounting System to roll forward at the end of each fiscal year.	With these recommendations, the Budget Office will have a chance to edit budget closing rules and determine which budget balances roll forward into next fiscal year and which fund balances will close at the end of the fiscal year. A proposed list of incidental and student services fees accounts to roll forward will be communicated and approved by Chief Financial Officer and the Executive Vice President for Finance and Administration. Also, for any incidental fee budget roll forward balance that exceeds 25% of original budget, a formal justification will be required from the account manager. This justification shall include the reason for the unexpended balance and plans for the unexpended balance. Additionally, if the incidental fee account is projected to roll forward a deficit balance, regardless of dollar amount, the account manager shall submit a formal justification that includes the reason and plan for deficit coverage. All formal justifications shall be submitted to the Assistance Vice President for Budget and Planning by no later than February 1st each fiscal year and must contain the signature of the respective Vice President.	April Barnes, Assistant Vice President of Budgeting and Planning	7/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Incidental Fee Account Balances - During our review of six incidental fee accounts for UNT Dallas and UNT Dallas College of Law for FY 2014, FY 2015 and FY 2016, we noted incidental fee account balances were not rolled forward at the end of each fiscal year. Furthermore, testing identified 1 out of 6 incidental fee accounts had a large unexpended balance for FY 2015.	Moderate	Establish an annual requirement for accountholders to provide a formal justifications or action plans for accumulated unexpended balances over an established threshold.	With these recommendations, the Budget Office will have a chance to edit budget closing rules and determine which budget balances roll forward into next fiscal year and which fund balances will close at the end of the fiscal year. A proposed list of incidental and student services fees accounts to roll forward will be communicated and approved by Chief Financial Officer and the Executive Vice President for Finance and Administration. Also, for any incidental fee budget roll forward balance that exceeds 25% of original budget, a formal justification will be required from the account manager. This justification shall include the reason for the unexpended balance and plans for the unexpended balance. Additionally, if the incidental fee account is projected to roll forward a deficit balance, regardless of dollar amount, the account manager shall submit a formal justification that includes the reason and plan for deficit coverage. All formal justifications shall be submitted to the Assistance Vice President for Budget and Planning by no later than February 1st each fiscal year and must contain the signature of the respective Vice President.	April Barnes, Assistant Vice President of Budgeting and Planning	7/31/2016	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	<p>UNT Dallas: Student Service Fee Advisory Committee Composition - During our review of the FY 2014-2015 UNT Dallas Student Service Fee Advisory Committee composition, we noted that the student government appointed five undergraduate students as representative of all students enrolled at the institution. When the committee deliberated in FY 2015, none of the members appointed by the student government were graduate students. Additionally, when the committee deliberated on FY 2016, none of the members appointed by the student government were graduate or law students.</p> <p>Furthermore, we noted that since UNT Dallas and UNT Dallas College of Law are not within the same reasonably contiguous geographic area, some activities funded partially with student services fees may not be easily accessible and directly benefiting the Law student community.</p>	Moderate	Modify current Fee Advisory Committee bylaws to include composition requirements provided by the Texas Education Code § 54.5031 Student Fee Advisory Committee to help ensure that student government appointees are representative of all students enrolled at the institution.	<p>The Student Service Fee Advisory Committee will ensure that the Student Government Association appoint one graduate student, and one college of law student to ensure representation of all students at UNT Dallas.</p> <p>Student Affairs will continue to expand the current process to ensure core services are available for students at the college of law.</p> <p>Currently (includes all of FY 2016) College of Law students have access to our Veterans Success Center and the Gym. They are also notified through UNT Dallas Announcements each week with the weekly programming and activities that we offer for our students via the Jaguar Roar</p> <ul style="list-style-type: none"> • We will continue to work in collaboration with the Student Affairs office at the College of Law, so that COL students continue to be notified through UNT Dallas Announcements (sent by a member of Student Affairs) each week with the weekly programming and activities that we offer for our students. Student Affairs remains committed to ensuring that all UNT Dallas students have access to services for which their fees provide. • We will continue to diligently work with the College of Law to further that students can take advantage of services that their fees provide for on both campuses. 	Jamaica Chapple, Dean of Student Affairs	8/22/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	<p>UNT Dallas: Student Service Fee Advisory Committee Composition - During our review of the FY 2014-2015 UNT Dallas Student Service Fee Advisory Committee composition, we noted that the student government appointed five undergraduate students as representative of all students enrolled at the institution. When the committee deliberated in FY 2015, none of the members appointed by the student government were graduate students. Additionally, when the committee deliberated on FY 2016, none of the members appointed by the student government were graduate or law students.</p> <p>Furthermore, we noted that since UNT Dallas and UNT Dallas College of Law are not within the same reasonably contiguous geographic area, some activities funded partially with student services fees may not be easily accessible and directly benefiting the Law student community.</p>	Moderate	Develop a process to help ensure that student services activities funded with student services fees at UNT Dallas are more easily accessible to the College of Law students.	<p>The Student Service Fee Advisory Committee will ensure that the Student Government Association appoint one graduate student, and one college of law student to ensure representation of all students at UNT Dallas.</p> <p>Student Affairs will continue to expand the current process to ensure core services are available for students at the college of law.</p> <p>Currently (includes all of FY 2016) College of Law students have access to our Veterans Success Center and the Gym. They are also notified through UNT Dallas Announcements each week with the weekly programming and activities that we offer for our students via the Jaguar Roar</p> <ul style="list-style-type: none"> • We will continue to work in collaboration with the Student Affairs office at the College of Law, so that COL students continue to be notified through UNT Dallas Announcements (sent by a member of Student Affairs) each week with the weekly programming and activities that we offer for our students. Student Affairs remains committed to ensuring that all UNT Dallas students have access to services for which their fees provide. • We will continue to diligently work with the College of Law to further that students can take advantage of services that their fees provide for on both campuses. 	Jamaica Chapple, Dean of Student Affairs	8/22/2016	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Incidental Fee Approval Documentation - The application fees for undergraduate and graduate students changed from \$60.00 to \$40.00 and \$60.00 to \$50.00, respectively, and a \$30.00 late application fee was no longer assessed for any applications submitted since Summer 2014. However, a formal documentation that include the President as the final reviewer and approver of this change in application fee was not available for our review.	Moderate	Develop procedures to help to ensure appropriate approval processes are in place when there are changes in fees and support documentation is retained.	The following management action plans and affirmation in regards to incidental fees were communicated and approved by the UNT Dallas President on June 3, 2016: <ul style="list-style-type: none"> • Effective immediately, all incidental fees shall be frozen at rates established as set forth in this memo and no new incidental fees shall be assessed without prior written approval from the UNT Dallas President until such time an approved policy can be implemented. • A proposed policy regarding incidental fees shall be submitted for your approval within the next 60 days and implemented by February 2017. • Please be aware that incidental fees charged for FY 2016 (and prior years) do not reconcile to the UNT System Board Briefing dated January 22, 2010 (UNT at Dallas Tuition for FY 2011 and 2012 and Fees for FY 2011). Apparently, over the years, a number of incidental fees being charged has increased as well as changes in the rates assessed. Unfortunately, documentation with Presidential approval cannot be located. Pursuant with UNT System Board of Regents Rule, Chapter 7 – Student Affairs, Education and Funding (07.403.2.d), authority has been delegated to the President of UNT Dallas to set the appropriate rates and rules pertaining to collection and distribution. • Incidental Fees shall be assessed through Student Financial Services by SF Item Type. College of Law specific fees shall contain appropriate General Ledger 	Daniel Edelman, Chief Financial Officer and the Executive Vice President for Finance and Administration	2/28/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: Additional Funds Collected from Students - The Office of Student Affairs collects additional funds from students for a few student oriented activities as a participation fee to ensure proper planning for activities. Specifically, the College of Law may charge this additional fee to ensure student participation. The participation fee varies for these events from \$5.00 to \$15.00 and is determined in collaboration with the Student Bar Association (SBA) elected leaders. For FY 2016 the College of Law was allocated \$60,000.00 by the Student Service Fee Advisory Committee to be able to serve the College's student body needs. Although the College of Law expended only \$7,157.66 as of January 2016, major events funded by student services fees such as the Barristers' Ball and Over-the-Hump are planned later in the Spring Semester.	Moderate	Plan/Determine what the student services fees will be utilized for.	We concur that we need to plan/determine what the student services fees will be utilized for and will continue to do so within the guidelines of the statutory Student Services Fee Advisory Committee (SSFAC) process. <ul style="list-style-type: none"> • We will work with the SBA and student organizations on their budget proposal deadlines each semester. • While we will expend all Student Services Fees each year, we will notify students that some events may require a minimal participation fee. • No additional funds will be commingled with student services fees. Funds collected will have appropriate segregation of duties when receiving, processing, and depositing money. • The Office of Student Affairs will record cash/money order payments on carbon receipts. The receipts will state the name of the payor and the name of the Student Affairs staff person who received the payment. An administrative assistant from another law school department will review/reconcile the payments received with the receipts and sign/verify that the payments match the receipts. The deposit of the cash/money order payments will be given to Candice Birks, the law school bursar, who will sign a statement confirm receipt of the funds. 	Rebecca Greenan, College of Law - Assistant Dean of Students	5/31/2017	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	<p>UNT Dallas: Additional Funds Collected from Students - The Office of Student Affairs collects additional funds from students for a few student oriented activities as a participation fee to ensure proper planning for activities. Specifically, the College of Law may charge this additional fee to ensure student participation. The participation fee varies for these events from \$5.00 to \$15.00 and is determined in collaboration with the Student Bar Association (SBA) elected leaders.</p> <p>For FY 2016 the College of Law was allocated \$60,000.00 by the Student Service Fee Advisory Committee to be able to serve the College's student body needs. Although the College of Law expended only \$7,157.66 as of January 2016, major events funded by student services fees such as the Barristers' Ball and Over-the-Hump are planned later in the Spring Semester.</p>	Moderate	Determine if the fees allocated to the College by the Student Service Fee Advisory Committee will cover the cost and relay to students that additional funds will be needed to participate in the event/activity.	<p>We concur that we need to plan/determine what the student services fees will be utilized for and will continue to do so within the guidelines of the statutory Student Services Fee Advisory Committee (SSFAC) process.</p> <ul style="list-style-type: none"> We will work with the SBA and student organizations on their budget proposal deadlines each semester. While we will expend all Student Services Fees each year, we will notify students that some events may require a minimal participation fee. No additional funds will be commingled with student services fees. Funds collected will have appropriate segregation of duties when receiving, processing, and depositing money. The Office of Student Affairs will record cash/money order payments on carbon receipts. The receipts will state the name of the payor and the name of the Student Affairs staff person who received the payment. An administrative assistant from another law school department will review/reconcile the payments received with the receipts and sign/verify that the payments match the receipts. The deposit of the cash/money order payments will be given to Candice Birks, the law school bursar, who will sign a statement confirm receipt of the funds. 	Rebecca Greenan, College of Law - Assistant Dean of Students	5/31/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	<p>UNT Dallas: Additional Funds Collected from Students - The Office of Student Affairs collects additional funds from students for a few student oriented activities as a participation fee to ensure proper planning for activities. Specifically, the College of Law may charge this additional fee to ensure student participation. The participation fee varies for these events from \$5.00 to \$15.00 and is determined in collaboration with the Student Bar Association (SBA) elected leaders.</p> <p>For FY 2016 the College of Law was allocated \$60,000.00 by the Student Service Fee Advisory Committee to be able to serve the College's student body needs. Although the College of Law expended only \$7,157.66 as of January 2016, major events funded by student services fees such as the Barristers' Ball and Over-the-Hump are planned later in the Spring Semester.</p>	Moderate	Additional funds collected should be deposited within the same chart string account as a credit to expense with a unique identifying purpose value. Also, funds collected should have appropriate segregation of duties when receiving, processing and depositing the money.	<p>We concur that we need to plan/determine what the student services fees will be utilized for and will continue to do so within the guidelines of the statutory Student Services Fee Advisory Committee (SSFAC) process.</p> <ul style="list-style-type: none"> We will work with the SBA and student organizations on their budget proposal deadlines each semester. While we will expend all Student Services Fees each year, we will notify students that some events may require a minimal participation fee. No additional funds will be commingled with student services fees. Funds collected will have appropriate segregation of duties when receiving, processing, and depositing money. The Office of Student Affairs will record cash/money order payments on carbon receipts. The receipts will state the name of the payor and the name of the Student Affairs staff person who received the payment. An administrative assistant from another law school department will review/reconcile the payments received with the receipts and sign/verify that the payments match the receipts. The deposit of the cash/money order payments will be given to Candice Birks, the law school bursar, who will sign a statement confirm receipt of the funds. 	Rebecca Greenan, College of Law - Assistant Dean of Students	5/31/2017	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas College of Law: Seat Deposit Reconciliation - Reconciliation procedures have not been performed to verify that seat deposits sent by admitted Law Students to UNT College of Law Admission's Office were properly credited towards the correct student account if the student enrolled, or were properly recorded in the correct chart of accounts if seat deposits were forfeited .	Moderate	Develop reconciliation procedures to help ensure that seat deposit checks received were credited towards the correct student account if the student enrolled or were properly recorded in the correct chart of accounts if the seat deposit was forfeited.	The College of Law- Office of Admissions will work with the Information Technology Manager at Dallas to establish a query report to be run weekly to ensure seat deposits received by the Office are timely processed and the respective student accounts are updated by student finance timely. This will allow the Office of Admissions to prevent or identify processing errors early—as a checks and balance mechanism. Additionally, the Office of Admissions will work with the Information Technology Manager at Dallas to obtain needed access to the student account screens in EIS to verify this information in the system. If there is a discrepancy found with seat deposits not being posted to a student's account or posted to the wrong student account, the Office of Admissions will work with the Information Technology Manager at Dallas to handle correction of the error. This process will be explained to the Assistant Director of Admissions, in the event that the Assistant Dean is out of the office to ensure that the report is reconciled weekly in the Assistant Dean's absence.	Valerie James, College of Law Assistant Dean of Admissions and Scholarships	9/1/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Dallas Student Fees Audit	UNT Dallas	UNT Dallas: College of Law Academic Catalog - Although the total cost of attendance is included in the 2015-2016 UNT Dallas College of Law Catalog, the catalog did not include a description of the amount of each fee to be charged to students.	Moderate	Develop procedures to help ensure that future academic catalogs include a description of the amount of each fee to be charged to students in accordance with the statute.	The three individuals who work on this page for the College of Law catalog are: 1) Assistant Director of Registration and Student Finance, 2) Information Technology Manager, Accounting Office, and 3) Director of Marketing and Communications. These three have been informed that moving forward, the incidental fees should be broken down and specifically identified/explained so that students have complete transparency as to the fee being charged and paid. In addition, these fees are also available on the College of Law website, by semester: https://lawschool.untsystem.edu/current-students/student-financial-services/tuition-and-fees .	Reynaldo Valencia, College of Law Associate Dean for Finance and Administration and Professor of Law	8/15/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	President's Expenditure Review	UNTHSC	Travel reimbursements paid to or on behalf of the President were in compliance with employment agreement provisions, System/University policies, state and federal laws. Although all travel reimbursements included proper documentation, not all travel budget authorization forms were signature-approved by the Chancellor, as required by UNT System Travel Guidelines. Additionally, Business Support Services processed the payments without all the appropriate approval signatures.	NA	None	Management will ensure that approval from the Chancellor will be obtained for all Travel Budget Authorization forms.	NA	NA	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Information Technology	Audit of IT Governance - IT Shared Services	UNT System	The IT Governance Audit was very enlightening as it involved an in depth analysis of the organizational structure and communication lines, and an overview of policies and procedures, security program and plan, strategic plan and risk assessment, and website / web application publishing. During the course of the audit, the team found that IT is making significant efforts to strengthen communication and governance throughout the System and found that all teams are working to improve the communication lines between individuals as well as committees.	NA	None	NA	NA	NA	NA

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Office of Sustainability Audit	UNT	Three employees were paid from the Environmental Service Fee (ESF) fund while working on activities not eligible under the fund. The following specific issues were identified: • A student employee was paid \$1,785 from the fund while working on a website not related to the fund. • A student employee was paid \$1,919 from the fund while working on activities not related to the fund. • The Assistant Director was paid \$16,643 from the fund from January 2015 to May 2015 while working on activities not related to the fund.	Moderate	Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: 1. Determine all payroll amounts incorrectly expensed to the fund and move to appropriate funding sources.	1. Management agrees. Management agrees to locate a new fund that more appropriately aligns with incorrect expenses.	1. Elizabeth With, Vice President of Student Affairs and Hope Garcia, Executive Director of Student Affairs Administration	2/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Office of Sustainability Audit	UNT	Three employees were paid from the Environmental Service Fee (ESF) fund while working on activities not eligible under the fund. The following specific issues were identified: • A student employee was paid \$1,785 from the fund while working on a website not related to the fund. • A student employee was paid \$1,919 from the fund while working on activities not related to the fund. • The Assistant Director was paid \$16,643 from the fund from January 2015 to May 2015 while working on activities not related to the fund.	Moderate	Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: Implement a procedure to assure expenses are reviewed and funds are only spent on allowable purposes. Implementation will ensure compliance with TEC Section 54.5041.	2. Management agrees. An advisor of the We Mean Green Fund (WMGF) will oversee activity of the WMGF Committee and provide guidance to committee on purpose of the fee and allowable purposes through the Committee Bylaws and ongoing training for returning and new committee members.	2. Hope Garcia, Executive Director, of Student Affairs Administration and Gary Cocke, Student Coordinator of Sustainability	2/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Office of Sustainability Audit	UNT	Excess funds transferred from the Environmental Service Fee (ESF) fund to another department for an approved project were not claimed after project was completed. \$3,818 out of the total funds transferred for a project remained with the department when the project was complete. The excess funds were not transferred back to the fund.	Low	Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: Recover funds remaining after the project was completed.	3. Management agrees. Management agrees to determine the department that was transferred funds and request the excess of \$3,818 be returned.	3. Elizabeth With, Vice President of Student Affairs and Hope Garcia, Executive Director of Student Affairs Administration	2/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Office of Sustainability Audit	UNT	Excess funds transferred from the Environmental Service Fee (ESF) fund to another department for an approved project were not claimed after project was completed. \$3,818 out of the total funds transferred for a project remained with the department when the project was complete. The excess funds were not transferred back to the fund.	Low	Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: Develop procedures to fully account for use of money transferred from the ESF fund. Implementation will ensure compliance with TEC Section 54.5041.	4. Management agrees. If funds are committed to an effort in partnership with another department, funds may only be used in one of two ways: a. Through IDO which lists exact line time costs; b. By directly purchasing items/services from the ESF rather than transferring a lump sum.	4. Hope Garcia, Executive Director, of Student Affairs Administration	2/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Office of Sustainability Audit	UNT	Two tablets and a parking pass were not eligible to be paid using Environmental Service Fee (ESF). The following specific issues were identified: • \$10 was used to pay for a parking pass. • \$875 was used to purchase tablets.	Low	Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: Move the expenditures incorrectly charged to the fund to an alternative funding source.	6. Management agrees. An advisor of the We Mean Green Fund (WMGF) will oversee activity of the WMGF Committee and provide guidance to committee on purpose of the fee and allowable purposes through the Committee Bylaws and ongoing training for returning and new committee members.	6. Hope Garcia, Executive Director of Student Affairs Administration and Gary Cocke, Student Coordinator of Sustainability	2/1/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Office of Sustainability Audit	UNT	Two tablets and a parking pass were not eligible to be paid using Environmental Service Fee (ESF). The following specific issues were identified: • \$10 was used to pay for a parking pass. • \$875 was used to purchase tablets.	Low	Recommendations to Hope Garcia, Executive Director of Student Affairs Administration: Implement a procedure to assure expenses are reviewed and funds are only spent on allowable purposes. Implementation will ensure compliance with TEC Section 54.5041.	6. Management agrees. An advisor of the We Mean Green Fund (WMGF) will oversee activity of the WMGF Committee and provide guidance to committee on purpose of the fee and allowable purposes through the Committee Bylaws and ongoing training for returning and new committee members.	6. Hope Garcia, Executive Director of Student Affairs Administration and Gary Cocke, Student Coordinator of Sustainability	2/1/2016	Closed

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Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	The Family Medicine Residency Program (FMRP) agreement is not set up as a sponsored project in accordance with the Health Science Center Policy and it is not processed or monitored for financial performance by the Office of Grant and Contract Management.	High	Recommendation for the Associate Dean for Educational Programs is to: Work with appropriate management from the Office of Grant and Contract Management and the Office of Finance to set up the FMRP as a sponsored project. Recommendation for the Provost & Executive Vice President, Academic Affairs is to:	1. Associate Dean for Educational Programs will work with appropriate management from the Office of Grant and Contract Management(OGCM) and the Office of Finance to set up the FMRP as a sponsored project.	Lisa R. Nash, DO, Associate Dean for Educational Programs /Jessica Chavez, Texas OPTI Administrator.	5/31/2016,	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	The Family Medicine Residency Program (FMRP) agreement is not set up as a sponsored project in accordance with the Health Science Center Policy and it is not processed or monitored for financial performance by the Office of Grant and Contract Management.	High	Recommendation for the Provost & Executive Vice President, Academic Affairs is to: Identify all grants, contracts or cooperative agreements (i.e. externally-funded activities with a formal written agreement) and collaborate with the Office of Grant and Contract Management to assess if these agreements should be identified as sponsored projects. Once identified, work with Office of Grant and Contract Management to set up as sponsored projects.	2. The Provost office will coordinate review of the final outstanding Texas Higher Education Coordinating Board(THECB) contract number 14178 between Texas College of Osteopathic Medicine (TCOM) and OGCM to determine if a new ProjID should be established. Review will occur and if needed, ProjID will be established prior to January 30 to allow for necessary accounting corrections prior to the black-out dates. For future awards, the Provost's office will ensure that all contracts submitted for signature by the Provost will have been vetted and routed through the Office of Contract Administration (OCA). OGCM will coordinate with OCA to ensure contracts that incorporate the State of Texas Uniform Grant Management Standards as a requirement of the award are routed through OGCM for review and project management.	2.Thomas Yorio, Provost & Executive Vice President, Academic Affairs / LeAnn Forsberg, Assistant Vice President for Research Administration	9/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	Internal Audit noted control deficiencies over the preparation of the FMRP Annual Financial Report (AFR). THE FMRP AFR is not prepared at a level required to ensure accurate financial reporting. We identified the following financial reporting errors after the FMRP AFR preparation methodology was validated by Texas Higher Education Coordinating Board(THECB): Revenues: B. Professional Service Revenue B1 - Total gross charge amount for Professional Service Charges was reported only for the FMRP primary locations (i.e. Seminary Family Medicine and Inpatient Plaza Medical Center) and not for all service locations the FMRP provides. This amount should also include other locations that all FMRP residents and Faculty provide professional services which are but not limited to Patient Care Center (PCC) APC Family Medicine, Eagle Ranch Internal Medicine, PCC APC General Internal Medicine and PCC Osteopathic Manipulative Medicine(OMM) B2 - Total net dollar amount for Professional Service Charges was reported only for the FMRP primary locations (i.e. Seminary Family Medicine and Inpatient Plaza Medical Center) and not for all service locations the FMRP provides. This amount should also include other locations that all FMRP residents and Faculty provide professional services which are but not limited to PCC APC Family Medicine, Eagle Ranch Internal Medicine, PCC	High	Recommendation for the Senior Vice President of Finance/ Chief Financial Officer and FMRP Director is to: The FMRP Annual Financial Report should be prepared by the Office of Finance in collaboration with the department in an effort to ensure accurate financial reporting.	Several areas/locations (specifically: PCC APC Family Medicine, Eagle Ranch Internal Medicine, PCC APC General Internal Medicine and PCC OMM) noted by the auditors under Revenues A., B. and C. above are unrelated in any way to the Family Residency Program funded under this grant and are not to be included in the financial report.	Lisa R. Nash, DO, Associate Dean for Educational Programs / Barbara Holt, Senior Director Financial Operations / Jessica Chavez, Texas OPTI Administrator	5/31/2016 Revised: 10/31/2016	Open

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	Testing identified that faculty and staff devoting time to the FMRP do not certify that the effort charged was based on actual activity.	High	Recommendation for the FMRP Director is to: Work with the Office of Grant and Contract Management to help ensure that the grant is in compliance with the Texas' Uniform Grant Management Standards for time and effort reporting requirements.	The Associate Dean for Educational Programs will work with the Office of Finance to develop and implement procedures to collect and report on financial activity related to the program in a manner that is in compliance with the Coordinating Board's financial reporting guidelines.	Lisa R. Nash, DO, Associate Dean for Educational Programs / Jessica Chavez, Texas OPTI Administrator	5/31/2016 Revised: 10/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	Testing identified the following: • The Procurement-Card (P-Card) Expenditure Report which was partially paid from the Texas Higher Education Coordinating Board (THECB) grant for fiscal year 2015 was not retained at the department level and was unavailable for review. • Occasionally, the reconciler and approver is serving a dual role in the P-Card Expenditure review process.	Moderate	Recommendations for the Associate Dean of Educational Programs are to: Require all current P-Card holders, reconcilers and approvers to be retrained on P-Card policies and procedures.	The Associate Dean for Educational Programs will require signature approval by three different individuals for final reconciliation/approval of P-card purchases. Transition to electronic filing of P-card documentation resolves issue on retention of documents.	Lisa R. Nash, DO, Associate Dean for Educational Programs / Jessica Chavez, Texas OPTI Administrator	5/31/2016 Revised: 10/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	Testing identified the following: • The Procurement-Card (P-Card) Expenditure Report which was partially paid from the Texas Higher Education Coordinating Board (THECB) grant for fiscal year 2015 was not retained at the department level and was unavailable for review. • Occasionally, the reconciler and approver is serving a dual role in the P-Card Expenditure review process.	Moderate	Recommendations for the Associate Dean of Educational Programs are to: Follow University Business Service Center P-Card Guidelines.	The Associate Dean for Educational Programs will require signature approval by three different individuals for final reconciliation/approval of P-card purchases. Transition to electronic filing of P-card documentation resolves issue on retention of documents.	Lisa R. Nash, DO, Associate Dean for Educational Programs / Jessica Chavez, Texas OPTI Administrator	5/31/2016 Revised: 10/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	The FMRP grant was not properly classified in the UNTHSC Accounting System for fiscal year 2013 and fiscal year 2014. During our review of classification of revenues and proper recording for the FMRP grant in the UNTHSC Accounting System, we noted that fiscal year 2013 and fiscal year 2014 funds passed from the Texas Higher Education Coordinating Board (THECB) to UNTHSC were classified as State Grant Pass Through Revenue - Operational compared to fiscal year 2015 funds, which were classified as State Grant Pass Through Revenue - Non Operational. Based on the audited fiscal year 2013 and fiscal year 2014 FMRP Annual Financial Reports, the support received from THECB was 3.11% and 6.85% of the total revenues for the FMRP and are supplemental to the Program. The Associate Dean for Educational Programs also confirmed that the FMRP will be conducted regardless of the additional funds received from THECB.	Low	Recommendations for the UNTHSC Associate Controller are to: Work with the Texas Comptroller of Public Accounts to determine if prior years' classifications should be corrected.	Associate Dean for Educational Programs will work with appropriate management from the UNT System's Controller's Office to ensure the funds are recorded appropriately within UNTHSC's Accounting System. In addition, the UNT System's Controller's Office will work with the Texas Comptroller of Public Accounts to make a determination if prior year Annual Financial Reports need to be adjusted to report the proper classification of the program's funds.	Lisa R. Nash, DO, Associate Dean for Educational Programs / Paula Welch, Associate Controller / Jessica Chavez, Texas OPTI Administrator	5/31/2016	Closed

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Family Medicine Residency Program	UNTHSC	The FMRP grant was not properly classified in the UNTHSC Accounting System for fiscal year 2013 and fiscal year 2014. During our review of classification of revenues and proper recording for the FMRP grant in the UNTHSC Accounting System, we noted that fiscal year 2013 and fiscal year 2014 funds passed from the Texas Higher Education Coordinating Board (THECB) to UNTHSC were classified as State Grant Pass Through Revenue - Operational compared to fiscal year 2015 funds, which were classified as State Grant Pass Through Revenue - Non Operational. Based on the audited fiscal year 2013 and fiscal year 2014 FMRP Annual Financial Reports, the support received from THECB was 3.11% and 6.85% of the total revenues for the FMRP and are supplemental to the Program. The Associate Dean for Educational Programs also confirmed that the FMRP will be conducted regardless of the additional funds received from THECB.	Low	Recommendations for the UNTHSC Associate Controller are to: Re-educate personnel on financial reporting of state grant pass through revenues to help ensure compliance with the Texas Comptroller of Public Accounts' guidelines.	Associate Dean for Educational Programs will work with appropriate management from the UNT System's Controller's Office to ensure the funds are recorded appropriately within UNTHSC's Accounting System. In addition, the UNT System's Controller's Office will work with the Texas Comptroller of Public Accounts to make a determination if prior year Annual Financial Reports need to be adjusted to report the proper classification of the program's funds.	Lisa R. Nash, DO, Associate Dean for Educational Programs / Paula Welch, Associate Controller / Jessica Chavez, Texas OPTI Administrator	5/31/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Student Service Fee Audit	UNT	The current process for monitoring Student Service Fee allocations is not sufficient to ensure funds are not overspent and funds are spent in accordance with approved purposes. Internal Audit reviewed and tested the Student Service Fee (SSF) process and allocations for fiscal year 2015. Out of 57 SSF dept ID allocations, 9 instances were identified where total expenditures exceeded available SSF account revenues. If additional other funding sources were not obtained by SSF dept ID holder then deficit balances were charged to the SSF reserve account at year end.	Low	Recommendations for Vice President for Student Affairs: Coordinate with the UNT Budget Office to establish a process to ensure that only transfers approved by the Vice President for Student Affairs Office are processed.	a. Management agrees. Establish process to ensure no transfers are processed by the UNT Budget Office without approval from the VPSA Office.	Dr. Elizabeth With, Vice President for Student Affairs	7/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Student Service Fee Audit	UNT	The current process for monitoring Student Service Fee allocations is not sufficient to ensure funds are not overspent and funds are spent in accordance with approved purposes. Internal Audit reviewed and tested the Student Service Fee (SSF) process and allocations for fiscal year 2015. Out of 57 SSF dept ID allocations, 9 instances were identified where total expenditures exceeded available SSF account revenues. If additional other funding sources were not obtained by SSF dept ID holder then deficit balances were charged to the SSF reserve account at year end.	Low	Recommendations for Vice President for Student Affairs: Provide training to SSF dept ID holders with regard to their responsibilities on receiving SSF funding especially SSF approval process pertaining to requesting transfers of SSF funds.	b. Management agrees. Send memo to all dept ID holders outlining approval process to transfer funds; also discuss during meetings with SSF dept ID holders (held as SSF process begins and when awards are made).	Dr. Elizabeth With, Vice President for Student Affairs	7/31/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Student Service Fee Audit	UNT	The current process for monitoring Student Service Fee allocations is not sufficient to ensure funds are not overspent and funds are spent in accordance with approved purposes. Internal Audit reviewed and tested the Student Service Fee (SSF) process and allocations for fiscal year 2015. Out of 57 SSF dept ID allocations, 9 instances were identified where total expenditures exceeded available SSF account revenues. If additional other funding sources were not obtained by SSF dept ID holder then deficit balances were charged to the SSF reserve account at year end.	Low	Recommendations for Vice President for Student Affairs: Establish a process to identify potential deficit situations, including steps/procedures to be taken, and consequences for SSF dept ID holders for non-compliance. Implementation will assist in ensuring that allocated SSF funds will be used for their intended and approved purposes.	c. Management agrees. Send memo to all dept ID holders outlining consequences of account deficits; also discuss during meetings with SSF dept ID holders (held as SSF process begins and when awards are made).	Dr. Elizabeth With, Vice President for Student Affairs	7/31/2016	Open

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Student Service Fee Audit	UNT	UNT Policy 18.4.7 Student Service Fee Committee does not reflect current member selection process by the Student Government Association President. UNT policy 18.4.7 states nine students will be selected to comprise a Student Service Fee Committee (SSFC). Five students to be selected by the Student Government Association (SGA) President and four students by UNT President. In the current process the SGA President selects four because the SGA President is to be a member of the committee and acts as Chair of the SSFC.	Low	Recommendation for Vice President for Student Affairs: Revise UNT Policy 18.4.7 Student Services Fee Committee to reflect the current process regarding the Student Government Association President's Student Services Fee Committee member selection process. Implementation will ensure the selection of the SSFC is performed properly and in accordance with policy.	Management agrees. Update policy to reflect actual practice.	Dr. Elizabeth With, Vice President for Student Affairs	11/1/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	Student Service Fee Audit	UNT	Minutes are not taken on Student Service Fee Committee meetings. For selected Student Service Fee Committee (SSFC) members, annually the Vice President for Student Affairs management conducts meetings to explain to these members the committee's responsibilities, establish meeting dates, explanation of the deliberation and SSF allocation processes. During these meeting priorities and Student Service Fee (SSF) allocation criteria are established. Documentation as to priorities determined, proposed meeting agenda and meeting dates, and applications requests for SSF funding are submitted. However, meeting minutes including attendance of those SSFC members present are not documented and retained.	Low	Recommendation for Vice President for Student Affairs: Written minutes should be kept on Student Service Fee Committee meetings held. Maintaining minutes on meetings held will ensure a written record of the actions taken, those present and correspondence occurring during the meeting.	Management agrees. Minutes will be taken at meetings.	Debbie Stevens, Budget Officer for Division of Student Affairs	11/30/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Presidents' Expenditure Review	UNT Dallas	None	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Chancellor's Expenditure Review	UNT System	None	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2016	Governance and Regulatory Compliance	Presidents' Expenditure Review	UNT	None	NA	None	NA	NA	NA	NA
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	The rate of default for the Green Loan Program (GLP) is high as compared to similar loans managed by the Student Money Management Center (SMMC), and at this rate, the loan program is unsustainable. <ul style="list-style-type: none"> High default rate; 67.5% at December 31, 2015 and 60% at January 31, 2016 as compared to about 10% for the other loan programs. For loans issued prior to August 2013, the collection rate since August 2013 to January 2016 is 9% , less than 4% per year. Overall default rate for old and new loans is 72%. 	Moderate	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Coordinate with Student Accounting and University Cashiering Services to determine an effective and efficient way to disburse loans and collect repayments.	a. Coordinate with Student Accounting and University Cashiering Services to transition loan program to an electronic disbursement, and repayment system (non-cash). Coordinate with Division of Student Affairs Advancement Specialist to secure a small allotment of gas and food cards for the purpose of disbursing to students facing critical and immediate need.	Paul Goebel, Assistant Director III, SMMC	09/01/ 2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	The rate of default for the Green Loan Program (GLP) is high as compared to similar loans managed by the Student Money Management Center (SMMC), and at this rate, the loan program is unsustainable. <ul style="list-style-type: none"> High default rate; 67.5% at December 31, 2015 and 60% at January 31, 2016 as compared to about 10% for the other loan programs. For loans issued prior to August 2013, the collection rate since August 2013 to January 2016 is 9% , less than 4% per year. Overall default rate for old and new loans is 72%. 	Moderate	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Coordinate with Student Accounting and University Cashiering Services to determine an effective way to display the blocks effectively in order to avoid any misconception.	b. For new loans posted directly to students' accounts, any unpaid balances will be clearly denoted on accounts that will avoid any misconceptions. Coordinate with Student Accounting and University Cashiering Services to add old defaulted loans to students' account balances.	Paul Goebel, Assistant Director III, SMMC c: Danielle Champagne, Student Services Coordinator II	01/15/17	Open

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Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	The rate of default for the Green Loan Program (GLP) is high as compared to similar loans managed by the Student Money Management Center (SMMC), and at this rate, the loan program is unsustainable. <ul style="list-style-type: none"> High default rate; 67.5% at December 31, 2015 and 60% at January 31, 2016 as compared to about 10% for the other loan programs. For loans issued prior to August 2013, the collection rate since August 2013 to January 2016 is 9% , less than 4% per year. Overall default rate for old and new loans is 72%. 	Moderate	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Review loans issued prior to August 2013 and document current status e.g. whether and when a student graduated, whether they are a current student, whether all appropriate blocks are in place, and whether all necessary documents are in file.	c. Review loans issued prior to August 2013 and document current status, all appropriate blocks are in place, and all necessary documents are in file.	Danielle Champagne, Student Services Coordinator II	8/01/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	The current practice at Student Money Management Center (SMMC) is that management has some discretion as to the loan amounts and the repayment period for the Green Loan Program (GLP). Current procedures do not sufficiently document when and how much management discretion is allowable. <ul style="list-style-type: none"> There is some management discretion as to the amount of fees to charge, for 1 out of 24 loans tested, an exception was noted where the total fees and charges due was \$23; \$20 late charge and \$3 service charge. Only \$17 was collected while \$6 was waived. Additionally, procedures are not specific as to whether fees apply to a specific dollar amount of the loan i.e. \$100 or \$50. Management also has some discretion as to the repayment date. For example, management can alter the repayment date if it falls on a weekend or if the student is aware of a difficulty in repaying before the deadline. 	Moderate	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Review current GLP manual and update for procedures related to management discretion, including but not limited to, defining the exceptions and stating how and when management discretion should be applied, and also ensure that it is consistent with the current practice.	a. Redraft Green Loan Program manual's management discretion reference. Include list of approved exceptions that would fall under the scope of "management discretion."	Paul Goebel, Assistant Director III, SMMC	8/1/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	The current practice at Student Money Management Center (SMMC) is that management has some discretion as to the loan amounts and the repayment period for the Green Loan Program (GLP). Current procedures do not sufficiently document when and how much management discretion is allowable. <ul style="list-style-type: none"> There is some management discretion as to the amount of fees to charge, for 1 out of 24 loans tested, an exception was noted where the total fees and charges due was \$23; \$20 late charge and \$3 service charge. Only \$17 was collected while \$6 was waived. Additionally, procedures are not specific as to whether fees apply to a specific dollar amount of the loan i.e. \$100 or \$50. Management also has some discretion as to the repayment date. For example, management can alter the repayment date if it falls on a weekend or if the student is aware of a difficulty in repaying before the deadline. 	Moderate	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Establish a specific periodic review process to ensure that the GLP manual is accurate and adequately addresses relevant issues. The procedures should indicate the last time it was reviewed.	b. Identify a standard date of annual review for the GLP manual. Documentation of date of review on title page will be included in the updated GLP manual.	Paul Goebel, Assistant Director III, SMMC	8/1/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	Promissory notes and transcript blocks were not in place as required by the Green Loan Program (GLP) manual terms and conditions. Promissory notes and transcript blocks were missing for old loans issued prior to August 2013. There were also instances relating to loans issued after August 2013 where there were no blocks on non-current loans. Incomplete documentation and lack of enforcement of blocks reduce the chance of repayment of loans.	Moderate	Recommendation for Paul Goebel, Assistant Director III, Student Money Management Center: Review non-current loans and document current status e.g. whether and when a student graduated, whether they are a current student, and whether all necessary documents are in file and ensure proper blocks are in place.	a. Review loans issued prior to August 2013 and document current status, all appropriate blocks are in place, and all necessary documents are in file.	Danielle Champagne, Student Services Coordinator II	8/1/2016	Open

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	Promissory notes and transcript blocks were not in place as required by the Green Loan Program (GLP) manual terms and conditions. Promissory notes and transcript blocks were missing for old loans issued prior to August 2013. There were also instances relating to loans issued after August 2013 where there were no blocks on non-current loans. Incomplete documentation and lack of enforcement of blocks reduce the chance of repayment of loans.	Moderate	Recommendation for Paul Goebel, Assistant Director III, Student Money Management Center: Establish a review process to ensure that appropriate blocks are being placed on students' accounts with non-current loans.	b. Identify process to ensure timely posting of relevant blocks to student accounts. Documentation of the process and monthly review checklist will be included in the updated program manual.	Paul Goebel, Assistant Director III, SMMC	8/1/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	There is variance between petty cash records, total amount of donations received to the fund, and the general ledger. There is a variance between the amount of fund balance per the Student Money Management Center (SMMC) records - \$16,345, tally of the total amount of donations received into the fund - \$22,625, and fund balance per the general ledger - \$16,217.	Moderate	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Review current fund balance and coordinate with Financial Reporting to ensure that the correct balance is reflected in the general ledger.	a. Coordinate with Financial Reporting to conduct a thorough and comprehensive reconciliation of the Green Loan account.	Paul Goebel, Assistant Director III, SMMC	1/15/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	There is variance between petty cash records, total amount of donations received to the fund, and the general ledger. There is a variance between the amount of fund balance per the Student Money Management Center (SMMC) records - \$16,345, tally of the total amount of donations received into the fund - \$22,625, and fund balance per the general ledger - \$16,217.	Moderate	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Update policies to include procedures for periodic reconciliation with the General Ledger.	b. Coordinate with Financial Reporting to determine policies and procedures for periodic reconciliation. Include this information in GLP manual.	Danielle Champagne, Student Services Coordinator II	1/15/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	There are instances where information on Student Money Management Center (SMMC) website is not consistent with information in the procedures Green Loan Program (GLP) manual. One of the terms and conditions listed on the SMMC's website and in the GLP manual says that both transcript and registration blocks will be applied to late and default accounts but the intention and practice is to use transcript blocks only.	Low	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Review information currently posted to SMMC website for accuracy and consistency with policies and procedures.	a. Information posted to SMMC website has been reviewed for consistency with policies and procedures.	Danielle Champagne, Student Services Coordinator II	8/15/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	There are instances where information on Student Money Management Center (SMMC) website is not consistent with information in the procedures Green Loan Program (GLP) manual. One of the terms and conditions listed on the SMMC's website and in the GLP manual says that both transcript and registration blocks will be applied to late and default accounts but the intention and practice is to use transcript blocks only.	Low	Recommendations for Paul Goebel, Assistant Director III, Student Money Management Center: Establish a process to ensure review of information posted to SMMC website is performed periodically.	b. Annual date of website review has been set as August 1, documentation of this step will be included in the revised Green Loan Program Manual.	Paul Goebel, Assistant Director III, SMMC	8/1/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	The Green Loan Program (GLP) is not being maintained on an imprest basis as required by UNT cash handling policies. The Green Loan petty cash fund is not being maintained on an imprest system; when repayments are received, only fees get deposited while the principal is retained in the petty cash fund to be used to disburse for new loans.	Low	Recommendation for Paul Goebel, Assistant Director III, Student Money Management Center: Coordinate with Financial Reporting and Vice President for Finance and Administration, UNT, to determine how to best comply with UNT cash handling policies.	a. Coordinate with Student Accounting and University Cashiering Services to transition loan program to an electronic disbursement, and repayment system (non-cash). This will eliminate the need for the SMMC to handle any cash.	Paul Goebel, Assistant Director III, SMMC	9/1/2016	Open

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Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	The Student Money Management Center (SMMC) uses pre-numbered receipts; however, the receipts do not comply with guidelines set forth in UNT policies. SMMC uses pre-numbered receipts but the receipts have not been approved by Student Accounting and University Cashiering Services (SAUCS) as to form and content as required by Cash Handling Controls Policy 2.1.10.1 and does not have UNT logo printed on as required by UNT Sales and Receipt of Funds Policy 2.2.1.	Low	Recommendations for Assistant Director III, Student Money Management Center: Coordinate with SAUCS to obtain receipts that comply with UNT sales and Receipt of Funds Policy 2.2.1.	a. Obtain approved receipt book from UNT Printing Services.	Danielle Champagne, Student Services Coordinator II	6/23/2016	Closed
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	The UNT System Travel Guidelines are not consistently followed in the College of Information. Internal Audit reviewed a sample of 17 vouchers out of a population of 145 vouchers in the College of Information. The following instances of noncompliance were noted: <ul style="list-style-type: none"> • Reimbursement of personal travel with business travel on a Federal grant, • Conference agenda not attached with support documentation, • Missing Travel Budget Authorization Form (preapproval to travel), and • Administrative Coordinator signing vouchers in traveler's name with their emailed consent. 	Moderate	Recommendations for Interim Dean of the College of Information: Evaluate the personal travel on the Federal Grant and work with the Office of Grants and Contracts Administration to determine what action needs to be taken.	We agree and are taking the actions below. A transfer was processed on 7/8/2016 through the Office of Grants and Contracts to move the allowable expenses from the Federal grant to the appropriate indirect cost or discretionary account. Only appropriate and allocable expenses will remain on the federal award. E-mail notification of UNT's Travel Guidelines was sent on 6/30/2016, which included a .pdf and PowerPoint presentation from the UNT's Business Service Center's Process Training section that consists of travel authorization & voucher training. All staff and faculty will be required to participate in on-site group training sessions provided by the BSC regarding UNT travel in either the summer or fall semesters, followed by regularly scheduled updates every fiscal year. All faculty and staff will be trained on how to create and utilize a certified electronic signature process for submitting and/or approving vouchers. Signing vouchers this way will be strongly encouraged if they are not physically available to sign the voucher. All travel reimbursement documentation will be reviewed during the approval process.	Dean of the College of Information	3/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	The UNT System Travel Guidelines are not consistently followed in the College of Information. Internal Audit reviewed a sample of 17 vouchers out of a population of 145 vouchers in the College of Information. The following instances of noncompliance were noted: <ul style="list-style-type: none"> • Reimbursement of personal travel with business travel on a Federal grant, • Conference agenda not attached with support documentation, • Missing Travel Budget Authorization Form (preapproval to travel), and • Administrative Coordinator signing vouchers in traveler's name with their emailed consent. 	Moderate	Recommendations for Interim Dean of the College of Information: Ensure that the UNT System Travel Guidelines are consistently followed in the College of Information by performing a thorough review of travel reimbursement documentation.	We agree and are taking the actions below. A transfer was processed on 7/8/2016 through the Office of Grants and Contracts to move the allowable expenses from the Federal grant to the appropriate indirect cost or discretionary account. Only appropriate and allocable expenses will remain on the federal award. E-mail notification of UNT's Travel Guidelines was sent on 6/30/2016, which included a .pdf and PowerPoint presentation from the UNT's Business Service Center's Process Training section that consists of travel authorization & voucher training. All staff and faculty will be required to participate in on-site group training sessions provided by the BSC regarding UNT travel in either the summer or fall semesters, followed by regularly scheduled updates every fiscal year. All faculty and staff will be trained on how to create and utilize a certified electronic signature process for submitting and/or approving vouchers. Signing vouchers this way will be strongly encouraged if they are not physically available to sign the voucher. All travel reimbursement documentation will be reviewed during the approval process.	Dean of the College of Information	3/1/2017	Open

UNTS Enterprise Audit Report Inventory

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>Accounts in the College of Information are not being managed in accordance with UNT Policy 2.1.10 Accountholder Responsibility.</p> <p>The Chair of the Department of Library Information Sciences (LIS) and the Interim Department Chair of Learning Technologies (LT) were not reviewing financial transactions for the DeptIDs for which he/she is the holder of record.</p> <p>Additionally, the Chair of LIS communicated to Internal Audit that he does not have sufficient time or resources to review the transactions on the DeptIDs for which he is responsible; therefore, he relies on the College Budget Officer to perform this task. Because the College Budget Officer position has undergone turnover, it is uncertain as to how long it has been since reconciliations have been performed.</p>	Moderate	<p>Recommendations for Interim Dean of the College of Information:</p> <p>Ensure all DeptID holders in COI obtain training from the UNT Budget Office to gain a better understanding of the requirements outlined in the UNT Policy 2.1.10 Accountholder Responsibility.</p>	<p>The department Chairs review Cognos accounts and all the financial transactions, and approve them in line with UNT policy 2.1.10. In the past, the College Budget Officer helped reconcile all accounts across the college, monitored deficits, and advised department chairs and support staff with regard to financial operations.</p> <p>All Dept ID holders and support staff will be required to attend updated training for UNT policies. We will work with the UNT Budget Office so that all account holders and their support staff can gain a better understanding of their responsibilities.</p> <p>Going forward, department assistants and chairs will perform the necessary actions to comply with Account Holder Responsibility policy and will work closely with the College budget officer to reconcile their accounts. 3</p>	Dean of the College of Information	3/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>Accounts in the College of Information are not being managed in accordance with UNT Policy 2.1.10 Accountholder Responsibility.</p> <p>The Chair of the Department of Library Information Sciences (LIS) and the Interim Department Chair of Learning Technologies (LT) were not reviewing financial transactions for the DeptIDs for which he/she is the holder of record.</p> <p>Additionally, the Chair of LIS communicated to Internal Audit that he does not have sufficient time or resources to review the transactions on the DeptIDs for which he is responsible; therefore, he relies on the College Budget Officer to perform this task. Because the College Budget Officer position has undergone turnover, it is uncertain as to how long it has been since reconciliations have been performed.</p>	Moderate	<p>Recommendations for Interim Dean of the College of Information:</p> <p>Ensure all DeptID holders in COI perform the necessary action to comply with the Account Holder Responsibility policy, including but not limited to, reviewing all financial transactions.</p>	<p>The department Chairs review Cognos accounts and all the financial transactions, and approve them in line with UNT policy 2.1.10. In the past, the College Budget Officer helped reconcile all accounts across the college, monitored deficits, and advised department chairs and support staff with regard to financial operations.</p> <p>All Dept ID holders and support staff will be required to attend updated training for UNT policies. We will work with the UNT Budget Office so that all account holders and their support staff can gain a better understanding of their responsibilities.</p> <p>Going forward, department assistants and chairs will perform the necessary actions to comply with Account Holder Responsibility policy and will work closely with the College budget officer to reconcile their accounts. 3</p>	Dean of the College of Information	3/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>UNT cash handling policies were not consistently followed in the College of Information.</p> <p>Cash receipts were not collected, safeguarded, deposited, and/or reconciled in accordance with cash handling policies. Additionally, written cash handling procedures in the College of Information were either nonexistent or incomplete as required by policy.</p>	Moderate	<p>Recommendations for Interim Dean of the College of Information:</p> <p>Ensure compliance with University cash handling policies, including the development of written cash handling procedures.</p>	<p>We agree.</p> <p>Going forward, individuals who collect, safeguard, deposit, and/or reconcile currency for the College will perform the necessary actions to comply with UNT's Cash Handling policy. We will work closely with the College budget officer to create and implement a written cash handling procedure for the College as required by UNT policy.</p> <p>E-mail notification of UNT System's Cash Handling policy was sent on 7/5/2016 to all staff and faculty. This email included a .pdf and the corresponding Cash Handling guidelines handbook from the UNT System's Operations Support section. All staff and faculty will be required to participate in on-site group training sessions provided by the UNT Operations Support section regarding cash handling in either the summer or fall semesters, followed by regularly scheduled updates every fiscal year.</p>	Dean of the College of Information	3/1/2017	Open

UNTS Enterprise Audit Report Inventory

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>UNT cash handing policies were not consistently followed in the College of Information.</p> <p>Cash receipts were not collected, safeguarded, deposited, and/or reconciled in accordance with cash handling policies. Additionally, written cash handling procedures in the College of Information were either nonexistent or incomplete as required by policy.</p>	Moderate	<p>Recommendations for Interim Dean of the College of Information:</p> <p>Ensure individuals with cash handling responsibilities receive training on University cash handling policies and departmental written procedures.</p>	<p>We agree.</p> <p>Going forward, individuals who collect, safeguard, deposit, and/or reconcile currency for the College will perform the necessary actions to comply with UNT's Cash Handling policy. We will work closely with the College budget officer to create and implement a written cash handling procedure for the College as required by UNT policy.</p> <p>E-mail notification of UNT System's Cash Handling policy was sent on 7/5/2016 to all staff and faculty. This email included a .pdf and the corresponding Cash Handling guidelines handbook from the UNT System's Operations Support section. All staff and faculty will be required to participate in on-site group training sessions provided by the UNT Operations Support section regarding cash handling in either the summer or fall semesters, followed by regularly scheduled updates every fiscal year.</p>	Dean of the College of Information	3/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>The UNTS Business Service Center Purchasing Card Program Guide was not consistently followed in the College of Information.</p> <p>Internal Audit reviewed a sample of three months of transactions for 10 purchasing cardholders in the College of Information. The following instances of noncompliance were noted:</p> <ul style="list-style-type: none"> • Not obtaining annual on-line purchasing card refresher training during fiscal year 2015, • Missing signatures from the card holder, reconciler, and the approver, • Missing verification of State of Texas vendor warrant hold status on required purchases, • Missing vendor receipts, • Sales tax paid without subsequent reimbursement, and • Not obtaining prior approval for the purchase of alcohol for an event and software, as required. 	Moderate	<p>Recommendations for Interim Dean of the College of Information:</p> <p>Ensure that all purchasing cardholders, reconcilers, and approvers receive training on purchasing card guidelines.</p>	<p>We agree.</p> <p>Each pCard holder, reconciler, and approver will attend training and will also participate in a refresher training course as made available. An email will be sent to all pCard holders reminding them that they must have the correct signatures from the holder, reconciler, and approver. Alcohol purchasing guidelines will also be included. BSC pCard training will be scheduled the week of Aug 8th. Additional training will be offered during the fall semester.</p> <p>UNTS Business Service Center Purchasing Card Program Guide will be consistently followed and reviewed regularly to ensure compliance.</p>	Dean of the College of Information	3/1/2017	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>The UNTS Business Service Center Purchasing Card Program Guide was not consistently followed in the College of Information.</p> <p>Internal Audit reviewed a sample of three months of transactions for 10 purchasing cardholders in the College of Information. The following instances of noncompliance were noted:</p> <ul style="list-style-type: none"> • Not obtaining annual on-line purchasing card refresher training during fiscal year 2015, • Missing signatures from the card holder, reconciler, and the approver, • Missing verification of State of Texas vendor warrant hold status on required purchases, • Missing vendor receipts, • Sales tax paid without subsequent reimbursement, and • Not obtaining prior approval for the purchase of alcohol for an event and software, as required. 	Moderate	<p>Recommendations for Interim Dean of the College of Information:</p> <p>Ensure that the UNTS Business Service Center Purchasing Card Program Guide is consistently followed in the College of Information.</p>	<p>We agree.</p> <p>Each pCard holder, reconciler, and approver will attend training and will also participate in a refresher training course as made available. An email will be sent to all pCard holders reminding them that they must have the correct signatures from the holder, reconciler, and approver. Alcohol purchasing guidelines will also be included. BSC pCard training will be scheduled the week of Aug 8th. Additional training will be offered during the fall semester.</p> <p>UNTS Business Service Center Purchasing Card Program Guide will be consistently followed and reviewed regularly to ensure compliance.</p>	Dean of the College of Information	3/1/2017	Open

UNTS Enterprise Audit Report Inventory

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>The scholarship criteria listed on the Department of Library and Information Sciences website did not match all the criteria in the corresponding donor agreement.</p> <p>There were 28 scholarships in the College of Information for which Internal Audit received an agreement identifying the criteria for awarding the scholarship. 14 of these scholarships were advertised on the Library and Information Science website. Internal Audit found that the criteria listed on the website contained discrepancies from the criteria in the agreement.</p>	Moderate	<p>Recommendation for Interim Dean of the College of Information:</p> <p>Ensure all scholarships are advertised in accordance with donor agreements.</p>	<p>We agree.</p> <p>All COI websites will be reviewed and any discrepancies will be rectified. We will ensure that the webmasters are reviewing the criteria for compliance for each advertised scholarship.</p>	Dean of the College of Information	10/1/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>Student Financial Aid and Scholarships' Best Practices for Scholarships and Awards are not consistently followed within the departments in the College of Information.</p> <p>Internal Audit noted scholarship process inadequacies, specifically:</p> <ul style="list-style-type: none"> • No working departmental policies; • No meeting minutes; and • Donor participating in the scholarship committee and involved in award selection. 	Moderate	<p>Recommendation for Interim Dean of the College of Information:</p> <p>Ensure that the Student Financial Aid and Scholarships' Best Practices for Scholarships and Awards are consistently followed in the College of Information, specifically:</p> <ul style="list-style-type: none"> • Create a departmental policy for awarding scholarship; • Hold committee meetings and document minutes; and • Ensure appropriate personnel are involved in the scholarship selection process. 	<p>We agree.</p> <p>The departments will ensure that each scholarship is in line with UNT's policies and best practices, and we will also create a department policy for awarding scholarships. College and department scholarship committees will keep minutes of all meetings and document the procedures in the selection process. Donor participation will be in line with UNT policy. Scholarship award process training will be provided on July 26th, 2016 as a follow up to an earlier meeting.</p>	Dean of the College of Information	12/1/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>When the School of Library and Information Sciences became a department in College of Information, the existing scholarship agreements were not evaluated to determine the appropriate program of study for which the scholarship should be offered. Additionally, the UNT Division of Advancement and the College of Information had a different number of endowment scholarships within the College of Information.</p> <p>The scholarship agreements were prepared and written to provide scholarships for the School of Library and Information Sciences. Once the school became a department in the College of Information, these scholarships were awarded solely to those studying within the Department of Library and Information Sciences.</p>	Low	<p>Recommendations for Interim Dean of the College of Information:</p> <p>Coordinate with the Office of General Counsel and Advancement to examine the language and donor's intent to determine the appropriate program of study to which the scholarships can be offered.</p>	<p>Advancement did not provide information about the Mary Voegle endowed scholarship to the department and the scholarship was not listed in Cognos with the rest of the other scholarships. When the LIS budget was separated from the college budget in 2012, all endowed scholarships were awarded according to the MOUs.</p> <p>The dean of the College of Information will ask UNT General Counsel to examine the language and donor intent.</p> <p>The College of Information's Advancement representative will work closely with the College scholarship representative to ascertain the existing number of scholarships that are eligible to be awarded.</p>	Dean of the College of Information	8/12/2016	Open
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	COI Dean's Transitional Audit	UNT	<p>When the School of Library and Information Sciences became a department in College of Information, the existing scholarship agreements were not evaluated to determine the appropriate program of study for which the scholarship should be offered. Additionally, the UNT Division of Advancement and the College of Information had a different number of endowment scholarships within the College of Information.</p> <p>The scholarship agreements were prepared and written to provide scholarships for the School of Library and Information Sciences. Once the school became a department in the College of Information, these scholarships were awarded solely to those studying within the Department of Library and Information Sciences.</p>	Low	<p>Recommendations for Interim Dean of the College of Information:</p> <p>Coordinate with UNT Division of Advancement to obtain a clear understanding of how many scholarships exist within the College of Information and determine which are eligible to be awarded.</p>	<p>Advancement did not provide information about the Mary Voegle endowed scholarship to the department and the scholarship was not listed in Cognos with the rest of the other scholarships. When the LIS budget was separated from the college budget in 2012, all endowed scholarships were awarded according to the MOUs.</p> <p>The dean of the College of Information will ask UNT General Counsel to examine the language and donor intent.</p> <p>The College of Information's Advancement representative will work closely with the College scholarship representative to ascertain the existing number of scholarships that are eligible to be awarded.</p>	Dean of the College of Information	8/12/2016	Open

UNTS Enterprise Audit Report Inventory

Internal / External	Reporting Agency	Fiscal Year Report was Issued	Audit Category	Report Name	Component Institution	Key Observations	Risk Level	Recommendation Details	Management Response	Individual Responsible for Implementation	Expected Implementation Date	Recommendation Status
Internal	UNT System Internal Audit	Fiscal Year 2016	Academic and Students	UNT Student Money Management Center	UNT	The Student Money Management Center (SMMC) uses pre-numbered receipts; however, the receipts do not comply with guidelines set forth in UNT policies. SMMC uses pre-numbered receipts but the receipts have not been approved by Student Accounting and University Cashiering Services (SAUCS) as to form and content as required by Cash Handling Controls Policy 2.1.10.1 and does not have UNT logo printed on as required by UNT Sales and Receipt of Funds Policy 2.2.1.	Low	Recommendations for Assistant Director III, Student Money Management Center: Establish a process to ensure that all receipts issued are cleared by SAUCS as to form.	b. Implement the use of SAUCS-approved receipts and payment deposit process.	Danielle Champagne, Student Services Coordinator II	6/23/2016	Closed
Internal	UNTHSC Institutional Compliance Office	Fiscal Year 2016	Governance and Regulatory Compliance	Safety and Security Audit (conducted by UNTHSC Institutional Compliance Office)	UNTHSC	Safety Coordinator Training needs to be completed by each Safety Coordinator	NA	Institutional Compliance recommends that the Safety Office maintains a process that ensures that each UNTHSC Safety Coordinator has completed Safety Coordinator training. If training is not completed or is unable to be completed by the Safety Coordinator, then a new Safety Coordinator should be appointed for that department.	New Employee Safety training is currently in the process of being updated and moved to UNTHSC's new WeComply Training Platform. This will allow for more accurate reporting. The new Safety Training is set to roll out in September 2015.	Matthew Moncus, Director, Safety Office	9/2015	Closed
Internal	UNTHSC Institutional Compliance Office	Fiscal Year 2016	Governance and Regulatory Compliance	Safety and Security Audit (conducted by UNTHSC Institutional Compliance Office)	UNTHSC	Institutional Compliance (IC) found that per the Fire Drill Report, corrective actions needed to be implemented and another Fire Drill should have been scheduled five to six months after to evaluate the efficiency of the corrective actions. Facilities had scheduled a complete fire alarm upgrade for the Gibson D. Lewis Library and the Safety Officer decided to perform the next drill in the building after the upgrade was completed. Funding for the fire alarm upgrade has been secured by Facilities for fiscal year 2016. The engineering has been completed, the next step is the installation. Brian Jordon is the Project Manager.	NA	IC recommends that the Safety Office conduct at least one emergency of fire drill exercise in the PCC and other high occupancy, multi-story buildings.	A fire drill schedule has been implemented that tests each building at least once a year. A large scare emergency management exercise will be conducted in the PCC in October, 2016.	Matthew Moncus, Director, Safety Office	10/28/2016	Open
External	Grant Thornton	Fiscal Year 2016	Governance and Regulatory Compliance	Financial Report of the University of North Texas for SACS Accreditation	UNT	Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.	NA	None	NA	NA	NA	NA
External	Texas Department of State Health Services	Fiscal Year 2016	Governance and Regulatory Compliance	Radiation Safety Program Audit	UNTHSC	We have determined that your radiation safety program appears to be in compliance.	NA	None	NA	NA	NA	NA
External	Texas Higher Education Coordinating Board	Fiscal Year 2016	Governance and Regulatory Compliance	Sandia National Lab (Federal) financial and compliance audit (Office of Grant and Contract Administration)	UNT	No findings/deficiencies.	NA	None	NA	NA	NA	NA

Compliance Monitoring and Reporting: A Digital and Mobile Application

Presented by: BEYONDigital by HCL

Date: August 18, 2016





BEYONDigital
By HCL

COMPLIANCE AND GOVERNANCE

Agenda

- + **Introductions**
- + **Compliance 1.0 – Today**
- + **Compliance 2.0 – Our Solution**
- + **Demos**
- + **Q&A**

We Are HCL BEYONDDigital

HCL BEYONDDigital™ is enabling clients to become 21st century digital enterprises by rethinking customer experience and operations



**DIGITAL
TRANSFORMATION**

- + INNOVATION
- + USER EXPERIENCE
- + DATA INSIGHTS



**PLATFORM
TRANSFORMATION**

- + INDUSTRY SPECIFIC
- + RETHINK IT
- + OUTSOURCING



**CLOUD
TRANSFORMATION**

- + LEGACY TO CLOUD
- + SECURITY / PRIVACY
- + OPTIMIZATION

The Team Today



TOMPIE HALL
SME & SR. ADVISOR



TODD HARDY
PROGRAM MANAGER



AMIN KHAWAJA
CHIEF ARCHITECT



RYAN TANNER
SR. UX DESIGNER

Our Healthcare and Higher Education Clients

UNIVERSITY CLIENTS	EDUCATION CLIENTS	HIGHER ED CLIENTS	MEDICAL DEVICES	PHARMACEUTICAL MANUFACTURERS	HEALTHCARE PROVIDERS
					
					
					
					
					
					
					

Who is UNTHSC?

- + Texas College of Osteopathic Medicine
- + Graduate School of Biomedical Sciences
- + School of Public Health
- + School of Health Professions
- + UNT System College of Pharmacy

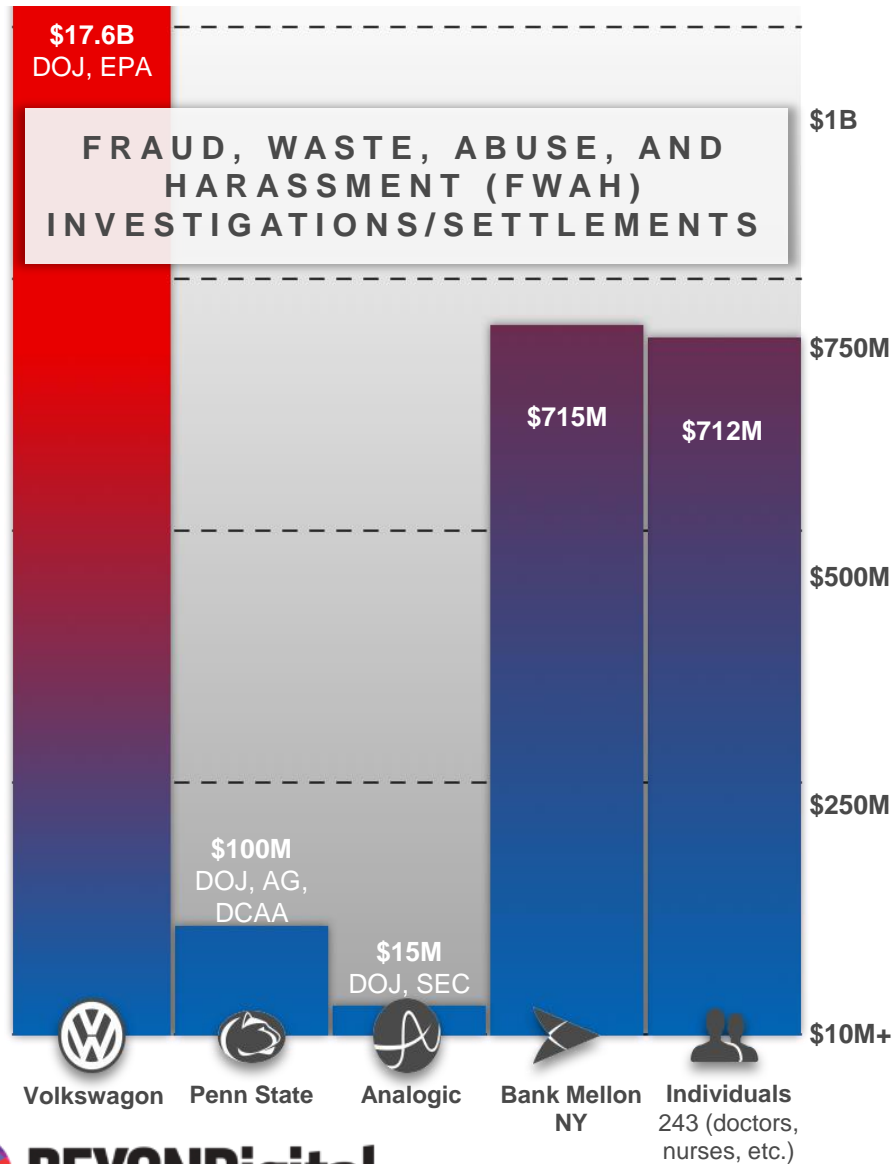


UNTHSC / TCU Medical School



UNIVERSITY of NORTH TEXAS HEALTH SCIENCE CENTER
FOUNDED 1970

Compliance 1.0 Today



95 UNIVERSITIES CURRENTLY UNDER INVESTIGATION FOR **TITLE IX** SEXUAL HARASSMENT VIOLATIONS

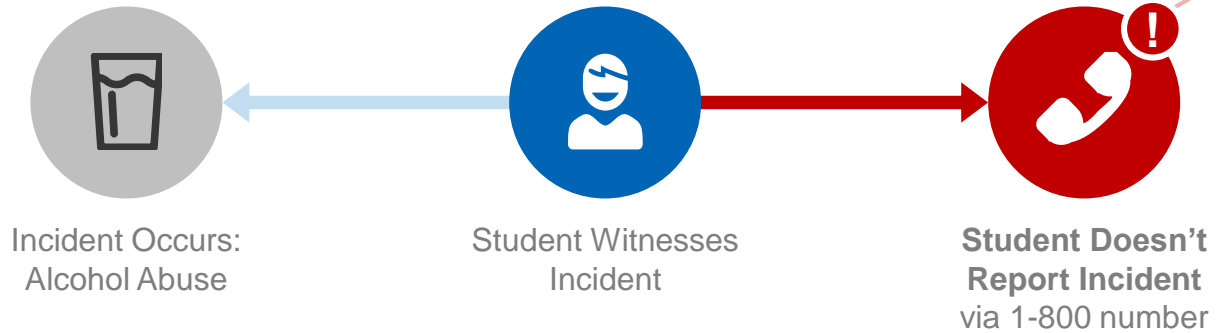
- Types of non-compliance in healthcare**
- + Fraud, Waste, Abuse, and Harassment (FWAH) violations
 - + Fraud related
 - Medical Identity theft
 - Billing for unnecessary services or items
 - Billing for services/items not rendered
 - Upcoding
 - Unbundling
 - Billing for non-covered services/items
 - Kickbacks
 - Beneficiary fraud

Gaps with Compliance 1.0

Employees and partners in the digital age of compliance

- + “C” suite **slow** to embrace governance and compliance
- + **Independence** of compliance leadership and work product
- + Lack of compliance reporting technology (**digitization and data analytics**)
- + No/little **anonymity** in compliance reporting by student/employee
- + Meager **recurrent** ethics campaigns and training programs
- + **Excessive** settle fees due to lack of strong compliance/governance oversight and self reporting regime

What Happens Right Now



Current Risks with Compliance 1.0

- + Financial Risks
- + Operational Risks
- + Reputational Risks

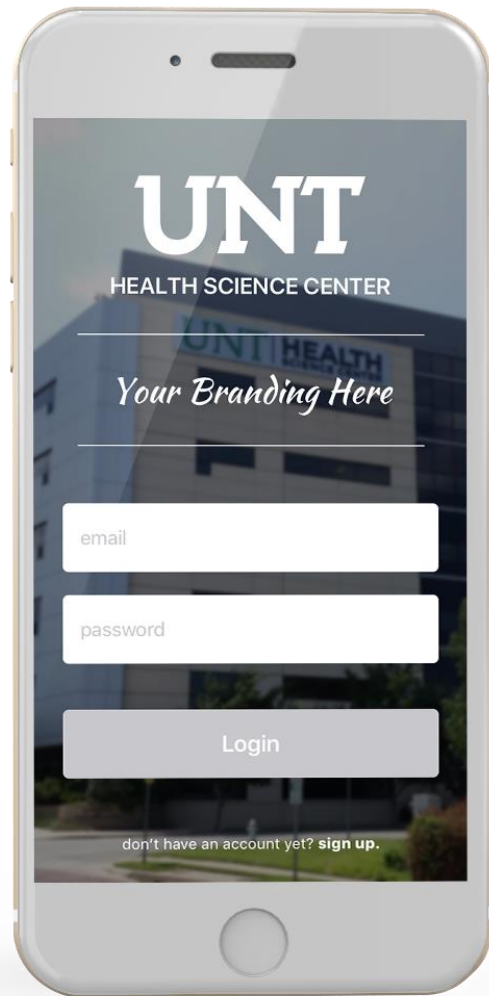
Current Challenges with Compliance 1.0

- + Massive Under Reporting
- + It's Not Convenient for Today's Students
- + No Clear Ownership of the Incident
- + Hardly Any Visibility or Traceability
- + No Automated Path to Resolution
- + Resolution Process is Paper-Based
- + Lack of Data Analytics



Our Solution

Our Solution: Compliance 2.0



C3P is a secure mobile and cloud based platform that enables faculty, students and staff team members to anonymously report incidents of fraud, waste, abuse and harassment.

Key Features:

- + Encourages Compliance Participation
- + Provides Quick Resolution
- + Data Analytics
- + Proactive Compliance Posture & Activities
- + Demonstrates Compliance Posture
- + Measuring Financial, Reputational, and Operational Risks

Users of C3P

Mobile

SUBMISSION APP



STUDENTS

- + Submit Incident Reports
- + View Statuses of Submitted Reports



EMPLOYEES

- + Submit Incident Reports
- + View Statuses of Submitted Reports

Web

DASHBOARD APP



COMPLIANCE COORDINATOR

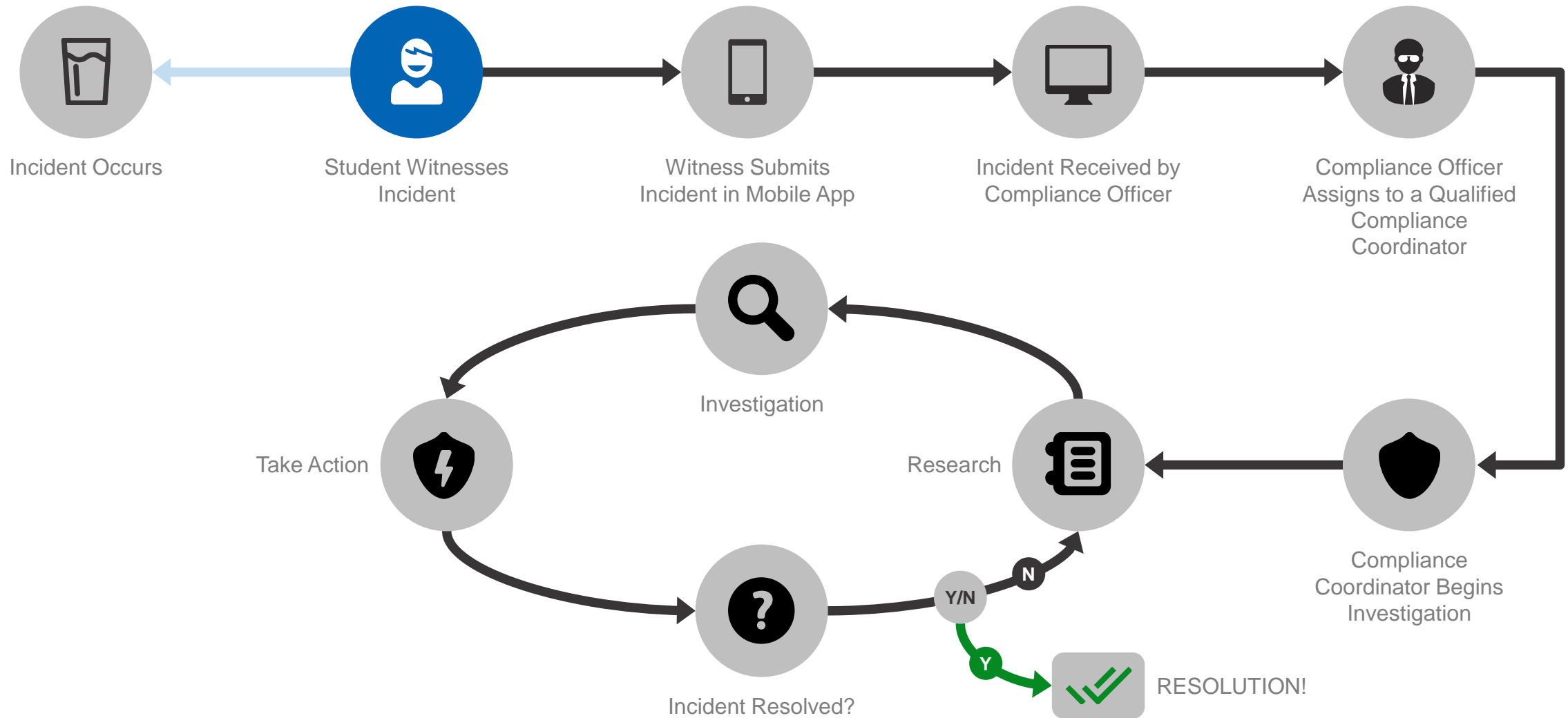
- + View Incident Report Details
- + Conduct Investigations
- + Update Status of Reports
- + Close-out Incident Reports

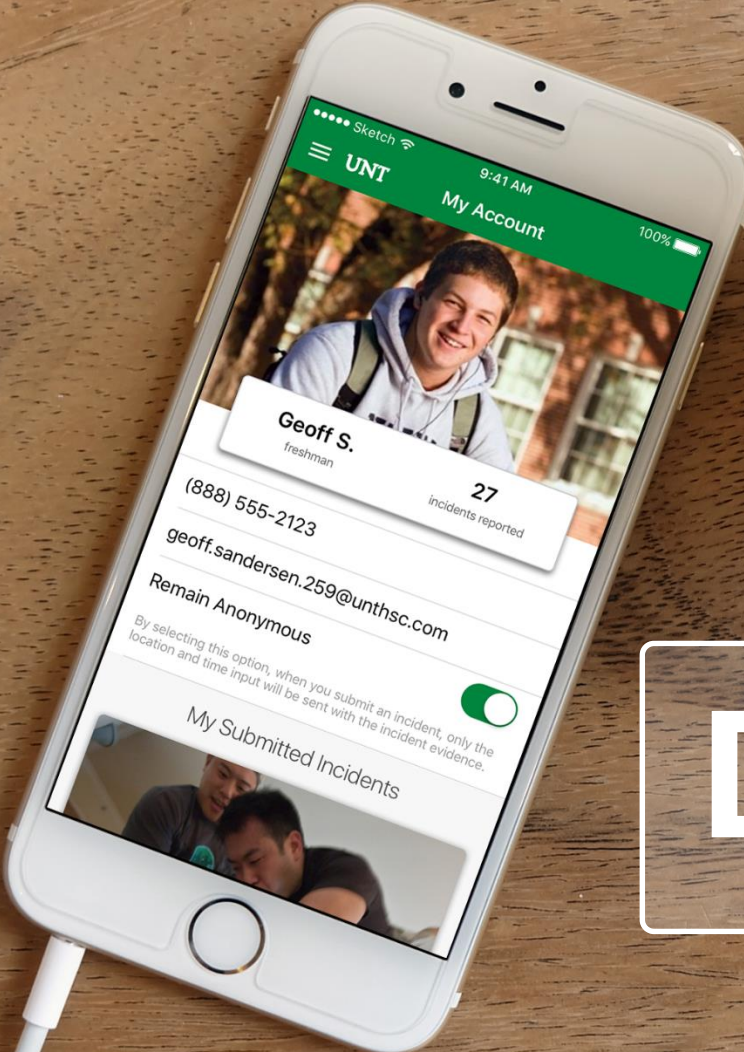


CHIEF COMPLIANCE OFFICER

- + View Incident Reports
- + Assign Investigations
- + View Performance
- + View C3P Platform Adoption Numbers

The Lifecycle of an Incident Case





DEMO
(pssst, click here)

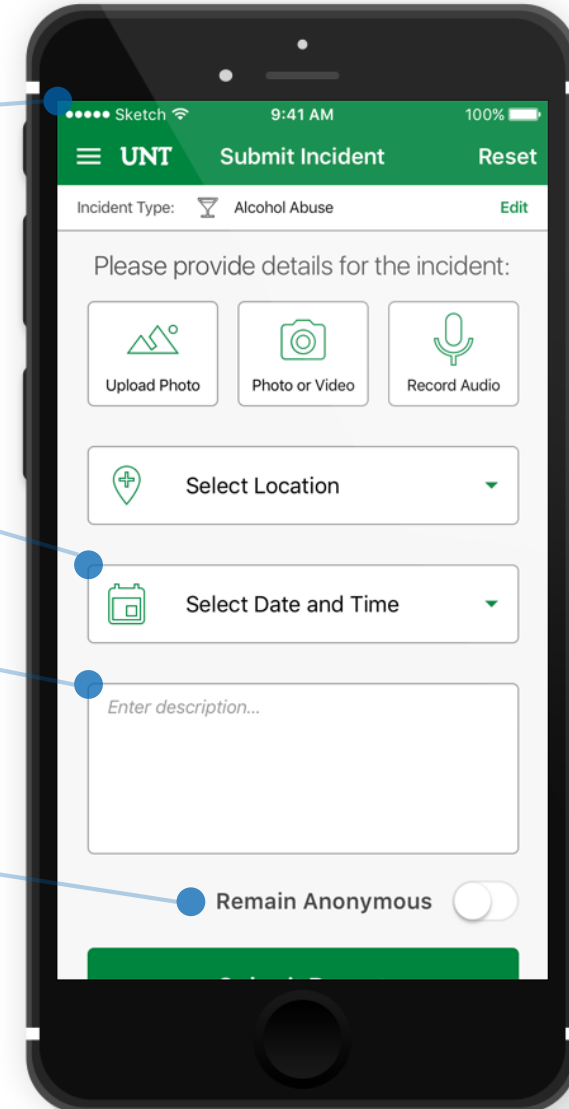


DEMO

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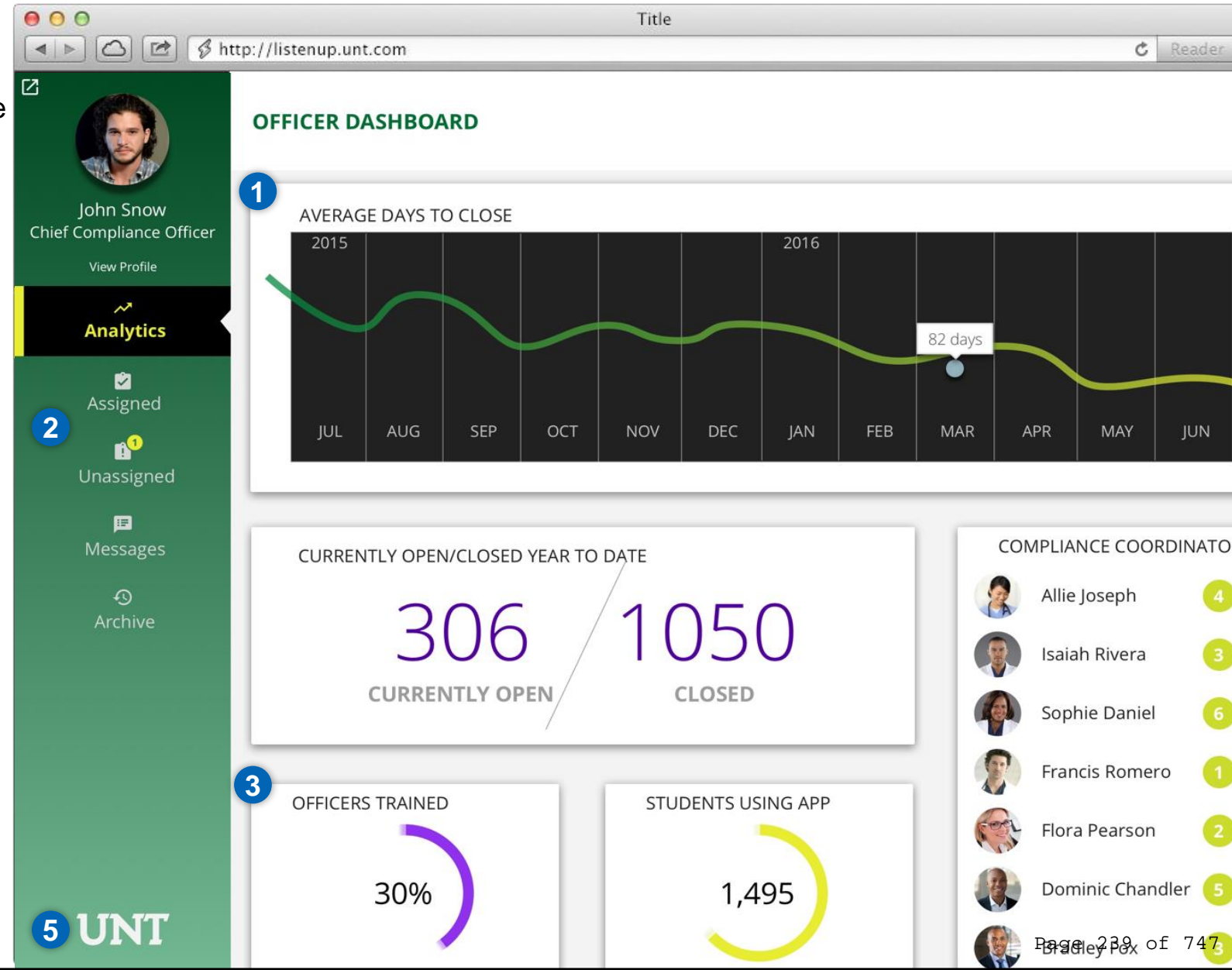
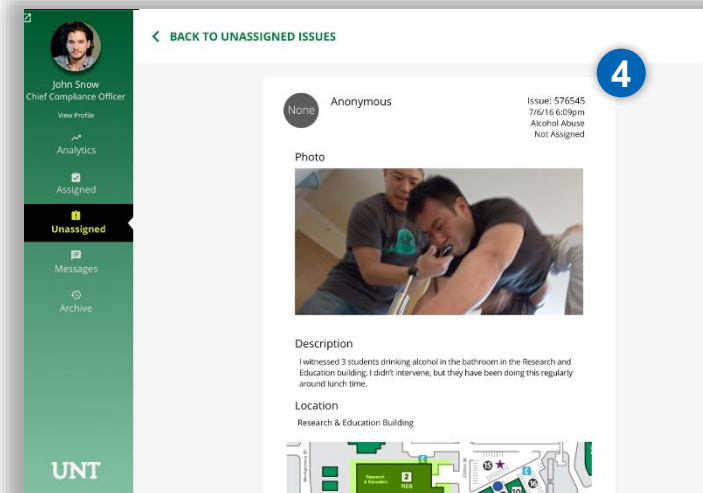
Quick and Easy Submission Process

- + Simplified user interface to speed submission process
- + Once a media type is uploaded by the user, meta data can be populated to speed up the process
- + Allow user to enter free-form text to provide greater details for the witnessed incident
- + Anonymity to the witness when submitting the incident report, which makes the end-user feel much safer about speaking up



Compliance Officer Dashboard

- + Simplified Dashboard to show the Compliance Officer's the most important data **1**
- + Ability to view assigned and unassigned incidents/cases **2**
- + Ability to track app/service install base by Officers, Students, and University Faculty **3**
- + View an individual incident case for greater details and the associated evidence **4**
- + Branding for University of North Texas **5**

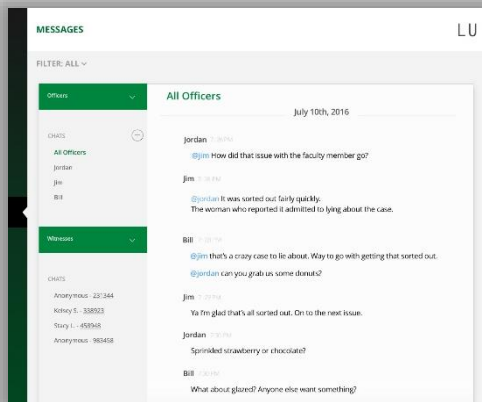


Our Vision of Future Functionality



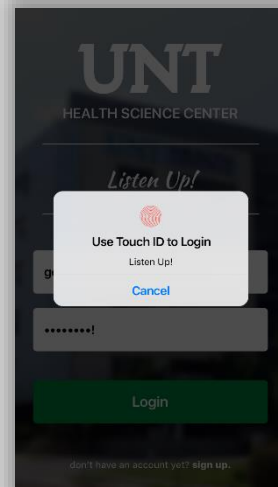
MESSAGING

Communication between students and the agents/officers can be completely anonymous or open; as well as communication between officer teams



TOUCH ID INTEGRATION

Incidents happen quickly, users can speed up the secure login process by simply using their device's fingerprint scanner to access



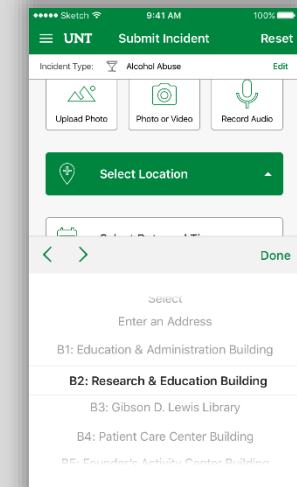
INCIDENT ASSIGNMENT AUTOMATION AND PREDICTION

Incidents happen quickly, with a back-end learning with every incident, reports/cases can be automatically assigned to the proper Compliance Coordinator

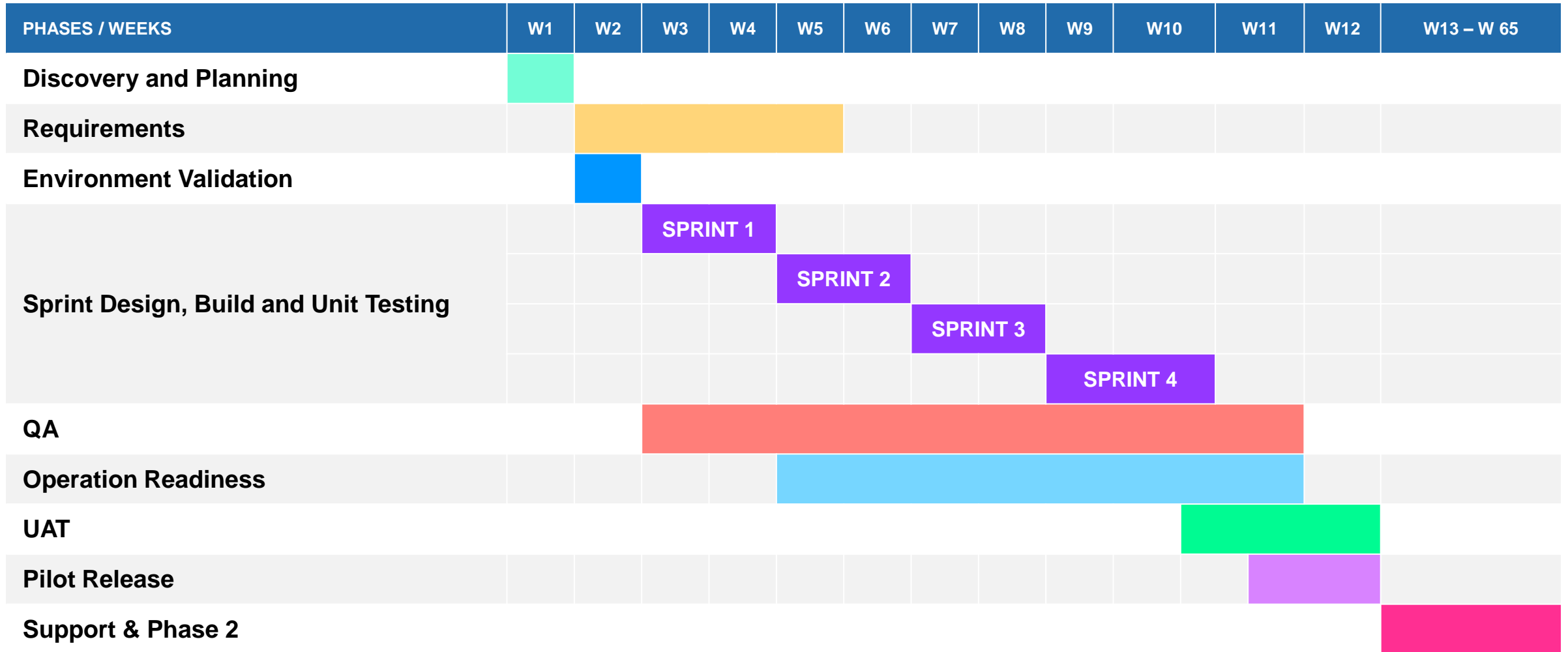


MAP INTEGRATION

Further expand the location capabilities by searching for an address or simply using your exact location via the device's GPS



Proposed Implementation Timeline



Q&A / Next Steps

Thank You



BEYONDdigital
By HCL



Presentation to the Audit Committee of the Board of Regents - 2015 Audit Results

University of North Texas System ("System")

August 19, 2016

Attendees:

Ben Kohnle – Partner

Juliet Williams – Experienced Manager

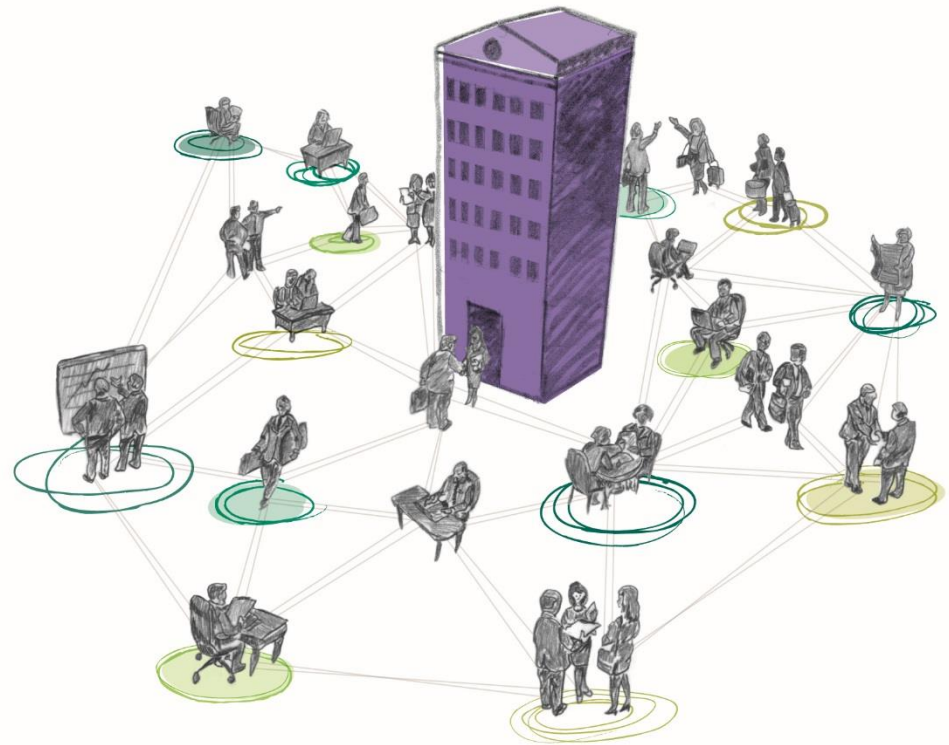


Our values are CLEARR

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- Unite through global **Collaboration**
- Demonstrate **Leadership** in all we do
- Promote a consistent culture of **Excellence**
- Act with **Agility**
- Ensure deep **Respect** for people
- Take **Responsibility** for our actions

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.



Our responsibilities

We are responsible for:

- Performing an audit of the System's financial statements as prepared by management, conducted under US GAAS and *Government Auditing Standards*
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Reading other information and considering whether it is materially inconsistent with the financial statements
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose

Responsibilities for other information in documents containing audited financial statements:

- Read the other information (we do not corroborate it)
- Consider whether it is materially inconsistent with the financial statements
- Call to management's attention identified material inconsistencies or misstatements of fact, if any

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter.

Those Charged with Governance and Management responsibilities

Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the System's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
 - Objectives and strategies and related business risks that may result in material misstatement
 - Matters warranting particular audit attention
 - Significant communications with regulators
 - Matters related to the effectiveness of internal control and your related oversight responsibilities
 - Your views regarding our current communications and your actions regarding previous communications

Management

Management is responsible for:

- Preparing and fairly presenting the financial statements in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with certain written representations

Materiality

Essentially, materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is based on a relevant financial statement benchmark.

- We believe that **total assets** is the appropriate benchmark for the System.

Financial statement items greater than materiality are in scope. Other areas less than materiality may be in scope if qualitative factors are present (for example, related party relationships or transactions and fraud risk).

Use of the work of others

Specialists

The audit team utilized an actuary within our Compensation and Benefits Consulting Practice to review the work of actuaries used by the System.

Subcontractors

Additionally, the audit team received direct assistance from two independent subcontractors during our audit testing, Serna & Company, P.C. and Gradient Solutions. This work was reviewed and managed by the Grant Thornton engagement team.

Assistance was provided by Serna & Company in the following areas:

- Testing of identified balances using procedures provided by and reviewed by GT personnel
- Providing comments based on reading of the financial statements and other related reports

Gradient Solutions specializes in the use of computer data acquisition and analysis primarily for governmental entities. Assistance was provided by Gradient Solutions in the following areas:

- Computer data acquisition and analysis in the areas of payroll, disbursements, vendor and human resources was performed and potential matters that may require further investigation were presented to the UNTS management team on July 20, 2016. A summary of suggested action items are included on pages 13 - 16.

Other Auditors

Our auditor's report on the System makes reference to the audit performed by Hankins, Eastup, Deaton, Tonn & Seay for the University of North Texas Foundation, Inc.

Significant risks and other areas of focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	
Cash and cash equivalents	Tuition and fee revenue, discounts and allowances
Investments and investment return	Federal, State and Other grant revenue
Accounts receivable and other assets	Legislative appropriations
Capital assets, depreciation and amortization	Other revenues
Notes, loans and revenue bonds payable	Operating expenses
Accounts payable and other liabilities	Intercomponent Transfers
Payroll and related liabilities	Implementation of new accounting standard
Net position classification	

Results of Financial Statement Audit

- Unmodified 'clean' opinion
- No scope limitations
- Open and effective communication with management
- No unresolved audit issues

Summary of recorded adjustment (\$000s)

Description	Assets	Liabilities	Net Position
Depreciation Expense			6,285
Accumulated Depreciation	(6,285)		
To correct overstatement of capital assets and understatement of depreciation expense in 2015 and prior years			
Net impact	\$ (6,285)	\$ -	\$ 6,285

Summary of passed adjustments (\$000s)

- Entries have been identified during the closing process, related to the FY15 audit, for which the financial statements are not being revised.
- The magnitude of the passed adjustments by financial statement category is as follows:

	Assets	Liabilities	Net Position	2015 Income Effect
Total Passed Adjustments FY15	\$ 112	\$ 2,241	\$ (2,129)	\$ 3,745
Total Passed Adjustments brought forward from FY14	\$ -	\$ -	\$ -	\$ 2,659
Total Report Balance, before Passed Adjustments	\$ 1,760,612	\$ 1,069,665	\$ 690,947	\$ 11,819
Effect of Passed Adjustments on Total Report Balance	0.01%	0.21%	-0.31%	54.18%

- Details of the above entries can be found in the management representation letter.
- Management believes, and we concur, that the impact of not making these adjustments to the System's financial statements is appropriate, given the fact that the cumulative effect is immaterial.

Summary of Changes Resulting From the Implementation of New "Accounting and Financial Reporting for Pensions"

- The implementation of the Standards resulted in the reporting of a Net Pension Liability on the Statement of Net Position for the first time, recorded through a restatement of beginning net position for fiscal year 2014 as follows:

	<u>Total</u>
Net Position at August 31, 2014 as Previously Reported	\$ 796,262,792.47
Adjustments due to implementation of GASB 68 and 71	<u>(117,135,326.88)</u>
Net Position at August 31, 2014 as Restated	<u>\$ 679,127,465.59</u>

The new Standards also resulted in:

- The reporting of various pension-related Deferred Outflows/Inflows
- Expanded footnote disclosures (Note 8, pgs. 50-55)
- Various required Supplementary Information related to pensions (pg. 67)

Internal control matters

Our responsibility

- Obtain reasonable assurance about whether the financial statements are free of material misstatement
- Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control
- We express no opinion on the effectiveness of internal control
- Control deficiencies that are of a lesser magnitude than a significant deficiency will be communicated to management.

Definitions

- A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
- A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis.
- A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Outflow Data Analysis - Suggested Action Items Resulting From Computer Data Acquisition and Analysis Work

Our audit included data analysis which focuses on the outflow side of the System's operations and involved the following data files:

- Vendor Data Information
- Disbursement Data Information
- Human Resources and Payroll Data Information

A summary of suggested actions from the data analyses is presented below:

Suggested Action items

Vendor Data

- Review vendor database as to why there is blank information.
- Review and understand the duplication patterns and evaluate the process as to how/why duplicated vendors are established and paid.

Outflow Data Analysis (continued)

Suggested Action items

Disbursement Data

- Review and understand the operational reasons as to why invoice date could occur prior to the respective purchase order date.
- Review disbursement activity to understand which vendors are receiving same payment amounts and relate such patterns to operational information and agreements, potential duplicate payments, etc.
- Review and gain a general understanding as to why payment patterns might not comply with the State of Texas Prompt Payment Act.
- Review payment patterns for potential of improving cash management.

Outflow Data Analysis (continued)

Suggested Action items

Disbursement Data (continued)

- Review the patterns of payments to Vendors with no Tax ID Number for general compliance with IRS rules and regulations.
- Review and gain an understanding of the reason why check numbers are used more than one time.

Outflow Data Analysis (continued)

Suggested Action items

Human Resources and Payroll Data

- Review the categories as to why there is blank HR information.
- Review report to understand operational reasons as to certain employees working with different business units.
- Review report to understand the information for family and reporting relationships within the operations of the University.
- Review the checks paid after termination date for appropriateness.

Other Required Communications

Disagreements with management

We had no disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the System's financial statements or the auditor's report.

Management's consultations with other accountants

We are not aware of any consultations by management with other accountants regarding accounting or auditing matters.

Difficulties encountered during the audit

We encountered no significant difficulties, including:

- Significant delays in providing information
- Unnecessarily brief time to complete the audit
- Unavailability of expected information or System personnel
- Restrictions imposed by management
- Extensive unexpected effort to obtain evidence



Quality of Accounting Practices

Accounting policies

Accounting principles used by the System are considered appropriate in all material respects.

Modifications to the auditor's report

There were no modifications to the audit report.

Accounting estimates

- Valuation of investments
- Contributions receivable
- Allowance for uncollectible accounts, including patient receivables
- Accruals for the self insurance and pension plans based on actuarial assumptions

We performed tests to satisfy ourselves that these amounts were free from material misstatements.

Disclosures

- We assessed the footnote disclosures and consolidated financial statements for clarity and completeness.
- Footnote disclosures in the financial statements appear overall to be neutral, consistent, and clear.



Selected pronouncements effective for the year ended August 31, 2016 or subsequent periods

ASU	Effective date	Impact
GASB 72 , Fair Value Measurement and Application	Financial reporting periods beginning after June 15, 2015	Addresses accounting and financial reporting issues related to fair value measurements., provides guidance for determining a fair value measurement for financial reporting purposes, and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
GASB 75 , Accounting and Financial Reporting for Postemployment Benefits Other than Pensions	Fiscal years beginning after June 15, 2017	Addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government entities.

This communication is intended solely for the information and use of management and the Audit Committee of the Board of Regents of the University of North Texas System and is not intended to be and should not be used by anyone other than these specified parties.



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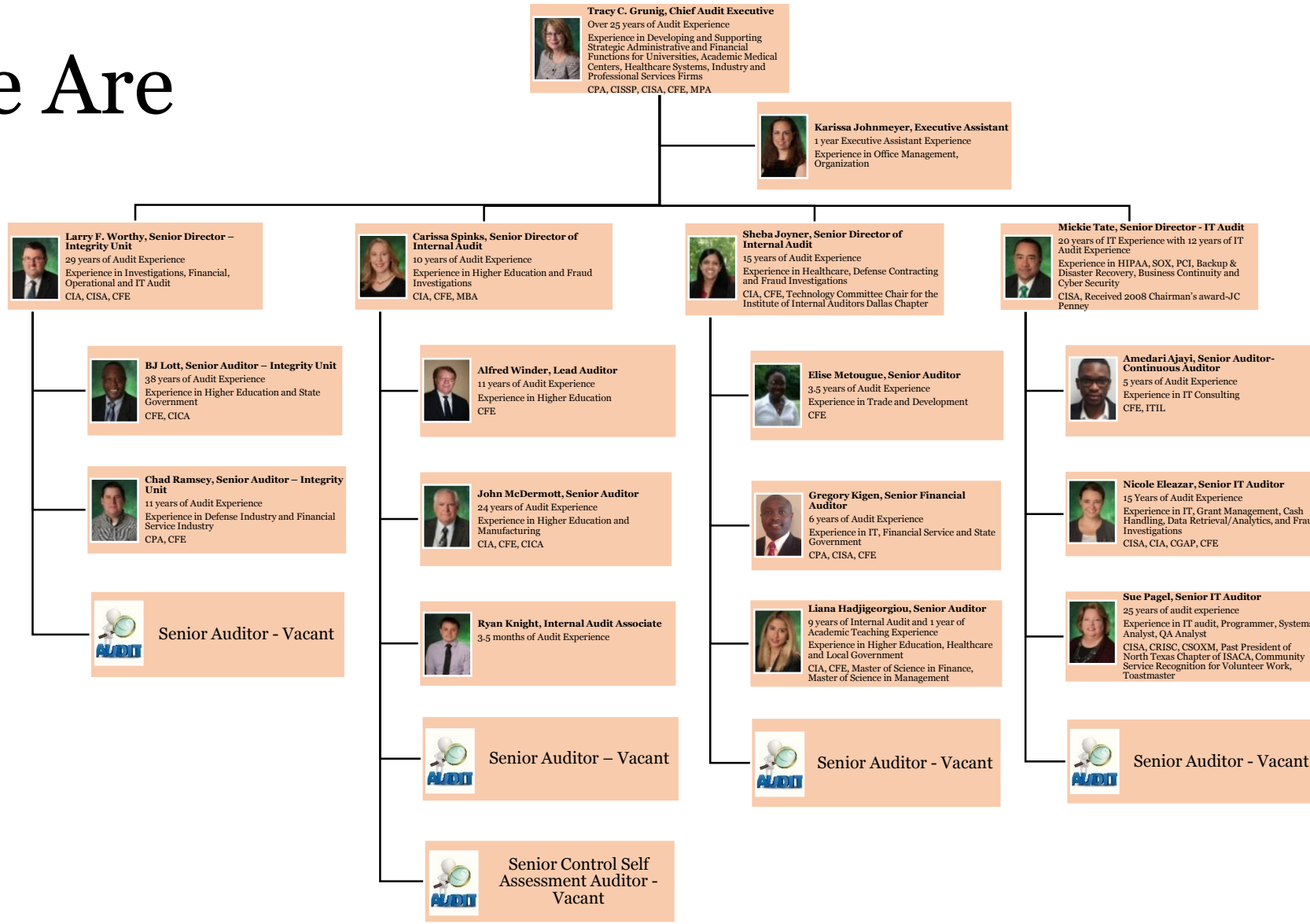
The seal of the University of North Texas System is visible in the background on the left side of the page. It features a central five-pointed star with a lamp of knowledge on a pedestal in front of it. The words "UNIVERSITY OF NORTH TEXAS" are written around the top half of the star, and "SYSTEM" is written around the bottom half. The entire seal is surrounded by a laurel wreath.

Fiscal Year 2017 UNTS Internal Audit Plan

Presented by: Tracy C. Grunig, Chief Audit Executive

Date: August 19, 2016

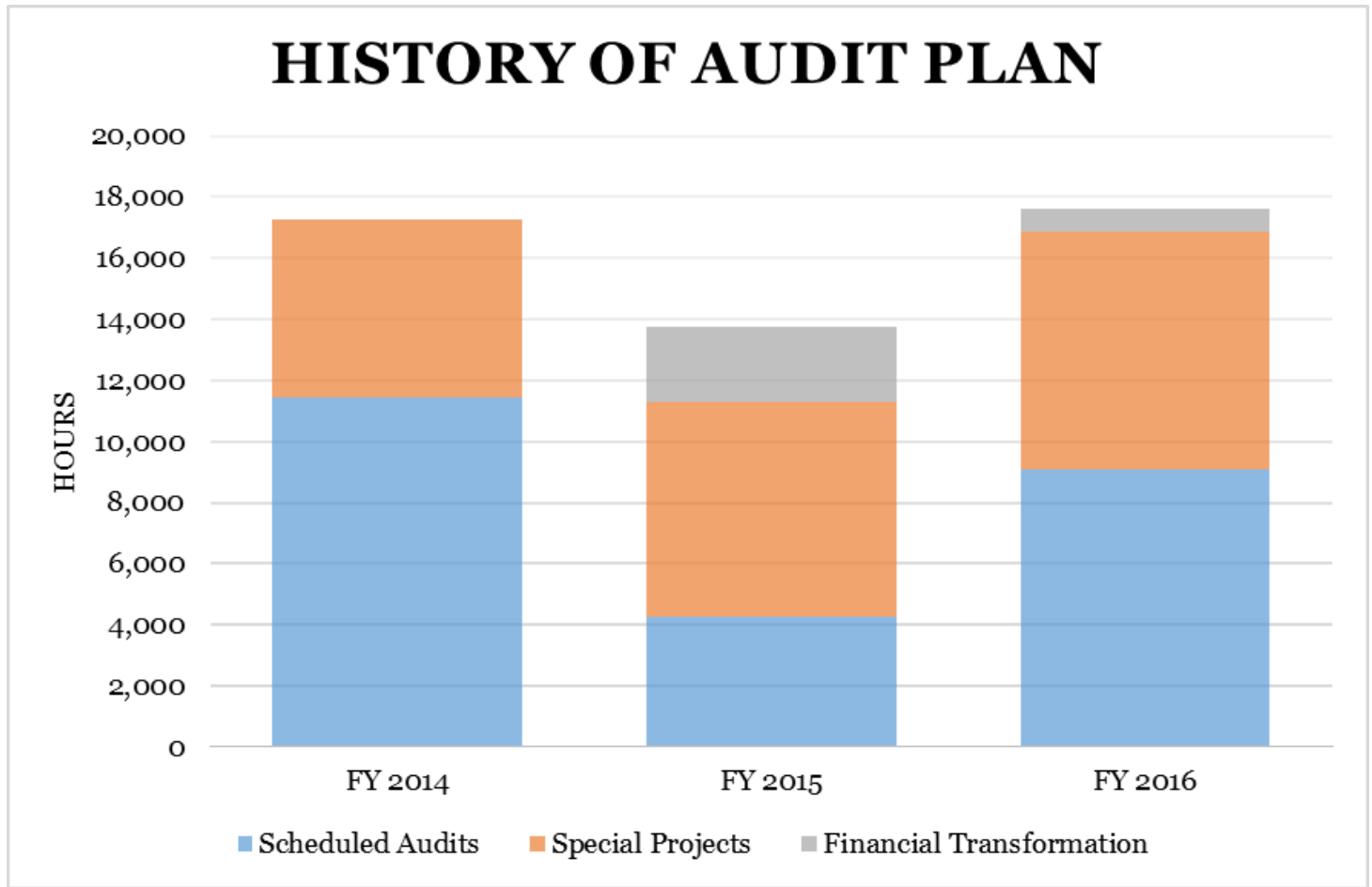
Who We Are



Annual Work in Recent Years

Note - Commencing in FY 2016, audits that include all component institutions were rolled into one audit report where in prior years all component institutions received a separate audit report.

- Scheduled Audits: Fiscal year annual audit plan approved by Audit Committee and UNTS Enterprise Senior Management
- Special Projects: Consulting services that provide advice and assistance concerning an entity's organization, personnel, finances, operations, systems, or other activities
- Financial Transformation: Participation in UNTS Enterprise efforts to develop and maintain financial operations, implement business process improvements, standardization opportunities and ensuring strict and consistent financial controls



2017 Annual Audit Plan: What's Continuing?

24 Specified Audit Projects on the Plan by Risk Area*

- 8 audit projects in the Compliance area are conducted each year
- 4 audit projects in the Finance area
- 3 audit projects in the Information Technology area
- 2 audit projects in the Integrity Unit area
- 2 audit projects in the Student Safety area
- 1 audit project in the Academic area
- 1 audit project in the NCAA Compliance area
- 3 Management Advisory projects

Additionally, 11,000 hours are reserved for unforeseen projects and investigation support with emphasis in leadership transition reviews, business process reviews, fraud hotline investigations and revenue cycles.

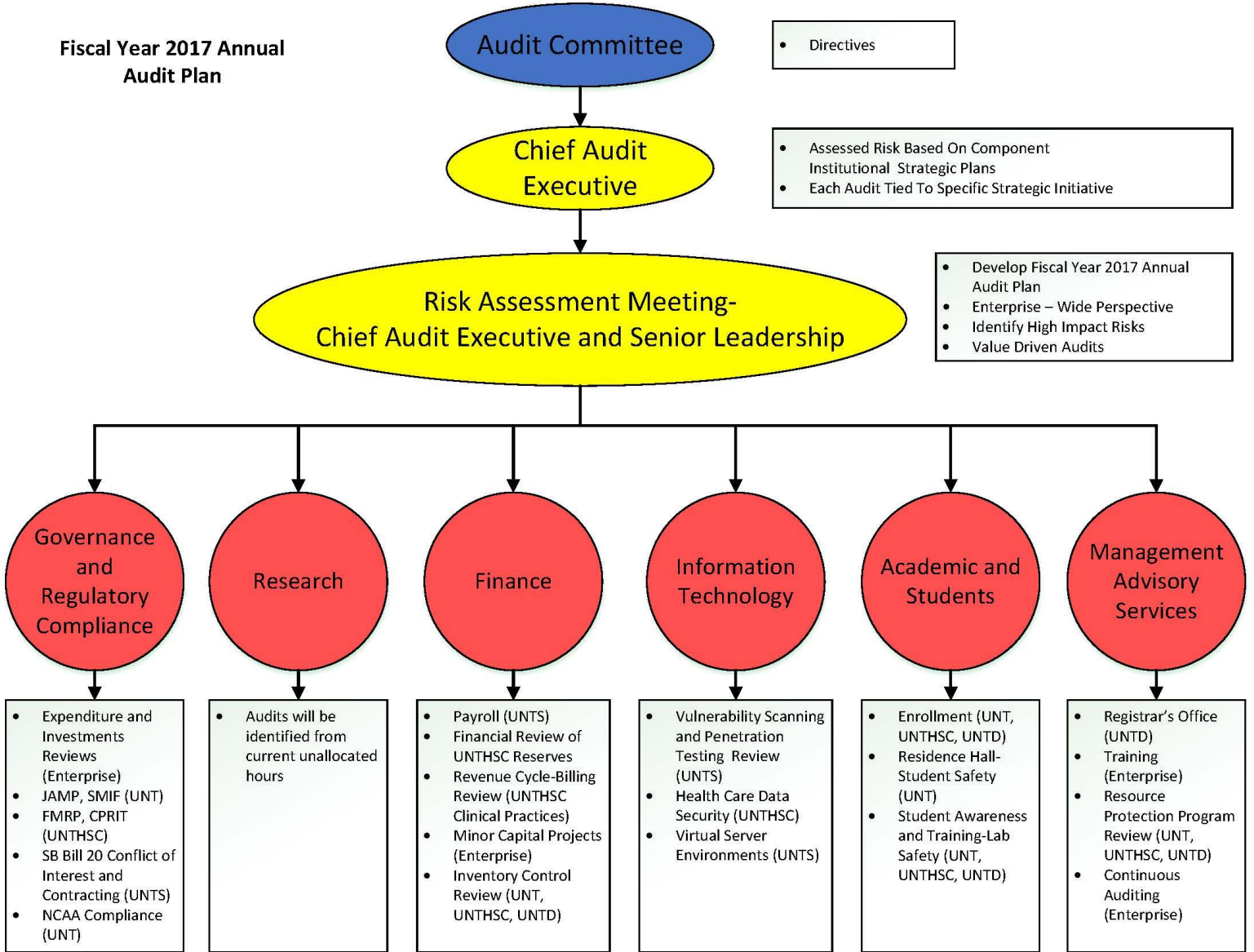
*The following are definitions of various risk areas on audits performed:

- Compliance Risk – the threat to the financial, organizational, or reputational standing as a result of failing to comply with laws, regulations, code of conduct and standards of best practice
- Financial Risk - the risk of financial loss and uncertainty resulting from changes in revenue streams, unforeseen increases in expenses, and/or inadequate or failed internal control processes
- Information Technology Risk -the potential that a given threat will exploit vulnerabilities of an individual or asset or system and thereby cause potential harm to the UNTS Enterprise
- Integrity Unit Risk- the threat posed to the UNTS Enterprise financial, organizational or reputational standing as a result of corruption and fraud
- Student Safety Risk - the threat of students not being adequately safeguarded from danger, risk or injury
- Academic Risk - risks associated with student recruitment, retention and persistence; faculty recruitment, retention and performance (teaching, research, public service); overall compliance with institutional strategic goals and objectives, UNTS Enterprise policies and procedures, and other applicable state and federal laws and regulations
- NCAA Compliance Risk - the threat posed to the UNTS Enterprise financial, organizational or reputational standing as a result of failing to comply with NCAA laws and regulations
- Management Advisory - consulting services that provide advice and assistance concerning UNTS Enterprise finances, operations, systems or other activities

2017 Annual Audit Plan: What's Different?

- Procurement and Conflict of Interest: Senate Bill 20 creates new obligations
- Student Safety is a priority for all campuses
- Payroll Processing and Reserves are increased priorities in Finance
- Vulnerability Scanning and Health Care Data Security are IT priorities
- Training participation with management for UNTS Enterprise
- Overall, 16 new or revised audit projects will involve 5,400 hours of audit work in Fiscal Year 2017

Fiscal Year 2017 Annual
Audit Plan



- Directives

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

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

Governance and Regulatory Compliance

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

Research

- Audits will be identified from current unallocated hours

Finance

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

Information Technology

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

Academic and Students

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

Management Advisory Services

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

Draft Fiscal Year 2017 Annual Internal Audit Plan

(pg. 1)

Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	Identified Risk
				UNTS	UNT	UNTHSC	UNTD		
REQ-BOARD OF REGENTS	COMPLIANCE	Chancellor's/President's Expenditure Reviews	Evaluate whether travel, entertainment, and business expenses are in compliance with System/University policies, employment agreement provisions, state and federal laws as required by employment agreements.	X	X	X	X	300	Compliance; Reputational; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	COMPLIANCE	Investments	Evaluate controls surrounding the investing activities are effective; as well as adherence with System Regulation 08.2000, UNT System Board of Regents Rule 10.100, and Public Funds Investment Act (PFIA) including State Auditor's Office (SAO) Article III, Rider 5 reporting requirements.	X	X	X	X	400	Compliance; Reputational; Financial; Operational
REQ-REG AGENCY	COMPLIANCE	Student-Managed Investment Fund (SMIF)	Assess compliance with the donor agreement between UNT and Colonel Guy M. Cloud, Jr. related to SMIF.		X			150	Compliance; Reputational; Financial; Operational
REQ-REG AGENCY	COMPLIANCE	Joint Admissions Medical Program (JAMP)	Determine that the institution is in compliance with JAMP Agreement requirements and JAMP Medical Expenditure Guidelines.		X			200	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	THECB Plaza Medical Center Family Medicine Residency Program (FMRP)	Verify that the institution is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for funding.			X		150	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)	Determine compliance with the CPRIT grant contract, CPRIT administrative rules and applicable statutory requirements, grant budget, terms and conditions of the awards, CPRIT Policies and Procedures Guide and internal policies and procedures. Audit is outsourced since IA cannot render an independent opinion.		X	X		200	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Senate Bill 20 Conflict of Interest (SB 20)	Review the conflict of interest process within contracting as revised within SB 20 regulations.	X				200	Contract Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Senate Bill 20 Mandated Internal Audit Assessment	Internal Audit is required under SB 20 regulations to review contracting process for adherence to requirements on annual basis.	X	X	X	X	300	Compliance; Reputational; Financial; Operational; Regulatory
MRA	ACADEMIC	Enrollment Audit	Assess the enrollment audit reporting process to ensure student attendance is reflected appropriately. This audit will look at aspects of student safety, financial processes and potential student retention and student persistence issues.		X	X	X	400	Student Safety; Financial; Operational

Legend

MRA
 IA
 REQ-Regent Rules and Enterprise Policies
 REQ-Board of Regents
 REQ-Reg Agency
 REQ-IIA Professional Standards

Managements' Risk Assessment Identified
 Internal Audit Identified
 Required by Regent Rules and Enterprise Policies
 Required of Board of Regents
 Required of Regulatory Agency
 Required by IIA Professional Standards

Draft Fiscal Year 2017 Annual Internal Audit Plan

(pg. 2)

Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	Identified Risk
				UNTS	UNT	UNTHSC	UNTD		
IA	FINANCE	Payroll	Evaluate the adequacy of controls and processes surrounding new hires, terminated hires, ghost employees, salary adjustments, time sheets, and processing/monitoring of general ledger payroll accounts.	X				300	Financial; Operational
MRA	FINANCE	Financial Review of UNTHSC Reserves	Verify assets, liabilities, and items held in custody. An evaluation of the adequacy of controls throughout the institution and of compliance with prescribed procedures also is performed.			X		300	Financial; Operational; Reputational
MRA	FINANCE	Revenue Cycle – Billing Process (Clinical Practice)	Determine the adequacy of controls and processes to ensure complete, accurate, and timely claims to payors and are in compliance with contract and regulatory requirements.			X		500	Financial; Operational; Reputational
IA	FINANCE	Minor Capital Projects	Evaluate the adequacy of controls and processes surrounding minor capital projects to ensure the funds are expended appropriately, projects are financed adequately and completed timely.	X	X	X	X	300	Financial; Operational; Contract Compliance; Economical and Efficient Use of Resources
IA	INFORMATION TECHNOLOGY	Vulnerability Scanning & Penetration Testing Review	Ensure network, operating system, web application, and network access vulnerabilities are tested using best practices from NIST, CIS, SANS and OWASP top 10. Determine if scanning detects vulnerabilities that could lead to attacks such as denial of service, man-in-the-middle, password hacking, SQL injection, cross-site scripting and more. Determine if activities are in place to attempt to exploit any identified vulnerabilities and if processes are in place to escalate and remediate identified vulnerabilities. Determine if the vulnerability scanning tool includes scanning for malware that was not detected through anti-virus protection.	X				400	Information Technology Security; IT System Network Authorization and Access; Operational; Compliance with Policies; Reputational
MRA	INFORMATION TECHNOLOGY	Health Care Data Security	Verify policies and procedures are in place to support ePHI requirements. Determine the systems or processes that store and/or process ePHI. Verify ePHI data is appropriately secured. Verify Electronic Medical Records (EMR) systems are patched to the most current validated security level. Determine the strength of user access controls to systems containing ePHI data.			X		400	Information Technology Security; Safeguarding of Assets; Operational; Compliance with Policies; Reputational
IA	INFORMATION TECHNOLOGY	Virtual Server Environments	Identify the virtualized environments managed by shared services. Evaluate the configuration, partitioning, support, management, security and monitoring of the virtual server environment. Ensure administrative access to the hypervisor is appropriately limited.	X				300	Information Technology Security; Safeguarding of Assets; Operational; Compliance with Policies; Reputational

Legend

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 Required of Regulatory Agency
 Required by IIA Professional Standards

Draft Fiscal Year 2017 Annual Internal Audit Plan

(pg. 3)

Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	Identified Risk
				UNTS	UNT	UNTHSC	UNTD		
IA	INTEGRITY UNIT	Resource Protection Program Review	Partner with the University Police Departments to perform periodic and reoccurring continuous resource protection. Assess control and custody of cash including accountability, safeguarding and management oversight. Assess the safety precautions provided to staff handling these funds. Perform random spot checks to raise control awareness.		X	X	X	300	Reputational; Asset Misappropriation; Physical Safety
IA	INTEGRITY UNIT	Inventory Control Review	Perform periodic and reoccurring reviews of operational effectiveness controls over inventory in facilities, dining services and athletics to ensure strong safeguarding and accountability controls protect assets. Perform random spot checks on areas storing pilferable inventory and hazardous materials.		X	X	X	300	Reputational; Asset Misappropriation; Compliance with Policies; Financial; Economical and Efficient Use of Resources
MRA	MANAGEMENT ADVISORY SERVICES	Registrar's Office – Business Process	Work with management to provide an overview of registrar services at peer institutions. Develop questionnaire to help management review registrar function and assess what type of activities and process should be conducted by a registrar office.				X	300	Operational; Reputational; Compliance with Policies
MRA	MANAGEMENT ADVISORY SERVICES	Training on Business Processes, Policies and Procedures	Provide Academic Chair-Faculty training on business processes, adherence to policies and procedures, and employee on-boarding process. Review for unauthorized software installed on user machines. Identify potential malware which could cause data breaches and unauthorized data leakage.	X	X	X	X	200	Compliance with Policies; Operational; Financial; Information Technology
IA	MANAGEMENT ADVISORY SERVICES	Continuous Auditing	Monitor data and identify outlier information for further review. Identify potential deficiencies in internal controls and instances of malfeasance. Completed by designated audit staff position.	X	X	X	X	400	Financial; Operational;
MRA	NCAA	NCAA Compliance	Review to be determined in athletic compliances areas (e.g., coaching limits, student recruitment, coaching contracts, etc.).		X			200	Regulatory; Reputational; Compliance with Policies; Operational
MRA	STUDENTS	Residence Hall- Student Safety Practices	Review university policies and guidelines relating to the safety of students residing in university on-campus housing. The auditors will work closely with risk management, the university fire marshal and other university officials to evaluate completeness of current evacuation plans and other safety measures.		X			400	Student Safety; Operational; Compliance with Policies; Reputational
MRA	STUDENTS	Student Awareness and Training- Lab Safety	Student participation in research, including activities conducted in instructional and research lab facilities, is an important part of the student educational experience. Review the process mandating students attend laboratory safe practices training and assess whether these policy and university practices are being followed and enforced.		X	X	X	400	Student Safety; Operational; Compliance with Policies; Reputational

Legend

MRA
 IA
 REQ-Regent Rules and Enterprise Policies
 REQ-Board of Regents
 REQ-Reg Agency
 REQ-IIA Professional Standards

Managements' Risk Assessment Identified
 Internal Audit Identified
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 Required by IIA Professional Standards

Draft Fiscal Year 2017 Annual Internal Audit Plan

(pg. 4)

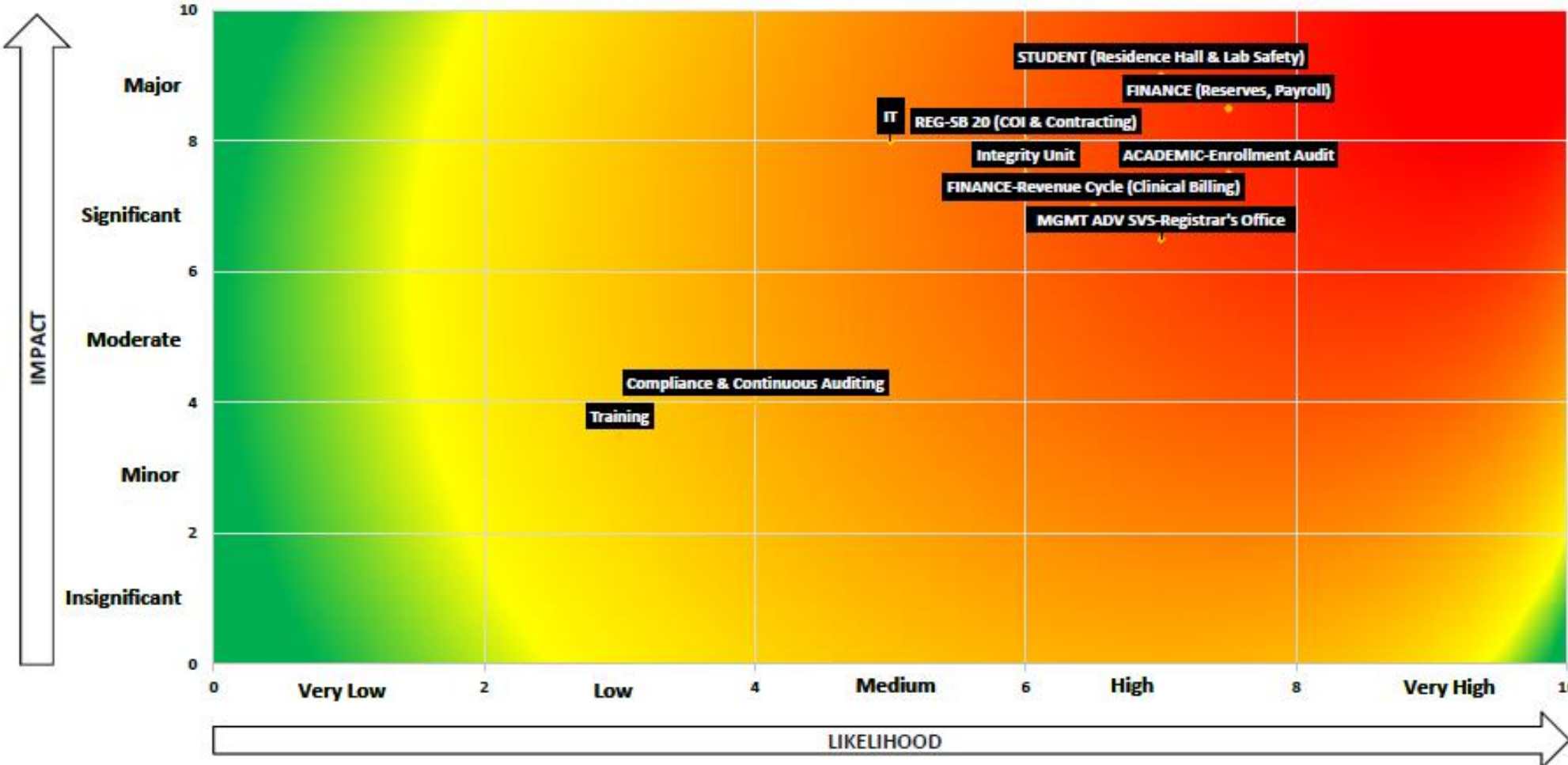
Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	Identified Risk
				UNTS	UNT	UNTHSC	UNTD		
IA	UNALLOCATED HOURS-UNTS		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of fiscal year 2017 to be responsive to managements' high risk and high impact areas (e.g., shared services, business process reviews, fraud hotline investigations, etc.).	X				1,225	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
IA	UNALLOCATED HOURS-UNT		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of fiscal year 2017 to be responsive to managements' high risk and high impact areas (e.g., leadership transition reviews, business process reviews, fraud hotline investigations, etc.).		X			3,650	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
IA	UNALLOCATED HOURS-UNTHSC		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of fiscal year 2017 to be responsive to managements' high risk and high impact areas (e.g., leadership transition reviews, business process reviews, revenue cycles, fraud hotline investigations, etc.).			X		3,650	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
IA	UNALLOCATED HOURS-UNTD		Represents audit hours designated for institutional use but individual audit projects have not been determined. Audit projects will be identified over the course of fiscal year 2017 to be responsive to managements' high risk and high impact areas (e.g., leadership transition reviews, business process reviews, fraud hotline investigations, etc.).				X	2,475	Financial; Operational; Asset Misappropriation; Economical and Efficient Use of Resources; Compliance with Policies; Safeguarding of Assets
REG-IIA PROFESSIONAL STANDARDS	COMPLIANCE	Follow-Up of Prior Audits	The IIA Professional Standards for internal auditing require auditors to follow-up on implementation of recommendations included in prior audit reports.	X	X	X	X	200	Due Diligence
		Total Planned Audit Hours						18,500	
		REQ-IIA Professional Standards	Other Internal Audit Supplemental Activities (e.g., compliance steps required by IIA professional guidelines, service provided to committees and professional organizations, other services provided to component institutions, other activities related to IA leadership requirements)					<u>3,000</u>	
		Total Audit Hours						21,500	

Legend

MRA
 IA
 REQ-Regent Rules and Enterprise Policies
 REQ-Board of Regents
 REQ-Reg Agency
 REQ-IIA Professional Standards

Managements' Risk Assessment Identified
 Internal Audit Identified
 Required by Regent Rules and Enterprise Policies
 Required of Board of Regents
 Required of Regulatory Agency
 Required by IIA Professional Standards

**UNIVERSITY OF NORTH TEXAS SYSTEM INTERNAL AUDIT
FISCAL YEAR 2017 ANNUAL AUDIT PLAN
RISK ASSESSMENT HEAT MAP**



Heat Map Legend:
A heat map is a two-dimensional representation of data in which values are represented by colors. Likelihood and Impact of Risk for each proposed audit are evaluated and plotted based on a 1 to 10 scale.

Audits that appear in green or yellow zones have a lower impact on the university and/or likelihood of occurrence, while audits that appear in orange or red zones have a greater impact on the university and/or likelihood of occurrence.

Fiscal Year 2016-Fiscal Year 2020 Prospective Audit Plan

(pg. 1)

Risk Area	Fiscal Year 2016 Title of Audit	Fiscal Year 2017 Title of Audit	Fiscal Year 2018 Title of Audit	Fiscal Year 2019 Title of Audit	Fiscal Year 2020 Title of Audit
COMPLIANCE	Chancellor/Presidential Expenditure Reviews	Chancellor/Presidential Expenditure Reviews	Chancellor/Presidential Expenditure Reviews	Chancellor/Presidential Expenditure Reviews	Chancellor/Presidential Expenditure Reviews
COMPLIANCE	UNTS/UNT/UNTHSC/UNTD Investments Reviews	UNTS/UNT/UNTHSC/UNTD Investments Reviews	UNTS/UNT/UNTHSC/UNTD Investments Reviews	UNTS/UNT/UNTHSC/UNTD Investments Reviews	UNTS/UNT/UNTHSC/UNTD Investments Reviews
COMPLIANCE	UNT Student-Managed Investment Fund (SMIF)	UNT Student-Managed Investment Fund (SMIF)	UNT Student-Managed Investment Fund (SMIF)	UNT Student-Managed Investment Fund (SMIF)	UNT Student-Managed Investment Fund (SMIF)
COMPLIANCE	Joint Admission Medical Program Review (JAMP)	Joint Admission Medical Program Review (JAMP)	Joint Admission Medical Program Review (JAMP)	Joint Admission Medical Program Review (JAMP)	Joint Admission Medical Program Review (JAMP)
COMPLIANCE	THECB Plaza Medical Center Family Medicine Residency Program (FMRP)	THECB Plaza Medical Center Family Medicine Residency Program (FMRP)	THECB Plaza Medical Center Family Medicine Residency Program (FMRP)	THECB Plaza Medical Center Family Medicine Residency Program (FMRP)	THECB Plaza Medical Center Family Medicine Residency Program (FMRP)
COMPLIANCE	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)
COMPLIANCE	Selected Contract Review	Senate Bill 20 Conflict of Interest and Senate Bill 20 Mandated Internal Audit Assessment	Senate Bill 20 Mandated Internal Audit Assessment	Senate Bill 20 Mandated Internal Audit Assessment	Senate Bill 20 Mandated Internal Audit Assessment
COMPLIANCE	Benefits Proportionality Review				
COMPLIANCE	UNT Student Money Management Center Audit				
ACADEMIC	Toulouse Graduate School	Enrollment Audit			
ACADEMIC	College of Information Dean's Transitional Audit				
ACADEMIC	International Travel Process Review				
ACADEMIC	Enrollment Management and Planning				
FINANCE	UNT/UNTD Student Fees	Payroll			
FINANCE	Unrelated Business Income Tax Review	Financial Review of UNTHSC Reserves (from Fiscal Year 2016 Annual Audit Plan)			
FINANCE	UNTHSC School of Public Health	Revenue Cycle – Billing Process (Clinical Practice)			
FINANCE	Federal Financial Aid Review	Minor Capital Projects			
FINANCE	Selected Scholarships Review				
FINANCE	Endowments				
FINANCE	Time and Labor Audit				
FINANCE	Grants Management Process Review and Selected Grants Review				
INFORMATION TECHNOLOGY	Security (IT) Governance	Vulnerability Scanning & Penetration Testing Review			
INFORMATION TECHNOLOGY	Advisory (PeopleSoft, Hyperion)	Health Care Data Security			

Fiscal Year 2016-Fiscal Year 2020 Prospective Audit Plan

(pg. 2)

Risk Area	Fiscal Year 2016 Title of Audit	Fiscal Year 2017 Title of Audit	Fiscal Year 2018 Title of Audit	Fiscal Year 2019 Title of Audit	Fiscal Year 2020 Title of Audit
INFORMATION TECHNOLOGY	Privacy and Data Protection	Virtual Server Environments			
INFORMATION TECHNOLOGY	Student Cell Phone Access Audit				
INFORMATION TECHNOLOGY	PCI Data Security Overview				
INFORMATION TECHNOLOGY	Affordable Care Act Implementation				
INFORMATION TECHNOLOGY	Change Management				
INTEGRITY UNIT	Hotline (developing process and procedures, inventory of investigators)	Resource Protection Program Review - Partner with University Police Departments to perform periodic and reoccurring continuous resource protection	Resource Protection Program Review - Partner with University Police Departments to perform periodic and reoccurring continuous resource protection	Resource Protection Program Review - Partner with University Police Departments to perform periodic and reoccurring continuous resource protection	Resource Protection Program Review - Partner with University Police Departments to perform periodic and reoccurring continuous resource protection
INTEGRITY UNIT		Inventory Control - Perform periodic and reoccurring reviews of operational effectiveness control	Inventory Control - Perform periodic and reoccurring reviews of operational effectiveness control	Inventory Control - Perform periodic and reoccurring reviews of operational effectiveness control	Inventory Control - Perform periodic and reoccurring reviews of operational effectiveness control
MANAGEMENT ADVISORY SERVICES	UNT D Policies Review and Unit Specific Management Control Review	Registrar's Office – Business Process			
MANAGEMENT ADVISORY SERVICES	Training on Business Processes, Policies and Procedures	Training on Business Processes, Policies and Procedures	Training on Business Processes, Policies and Procedures	Training on Business Processes, Policies and Procedures	Training on Business Processes, Policies and Procedures
MANAGEMENT ADVISORY SERVICES	Continuous Auditing	Continuous Auditing	Continuous Auditing	Continuous Auditing	Continuous Auditing
MANAGEMENT ADVISORY SERVICES	HSC New Consulting Project (UNTHSC/TCU)				
NCAA	Business Operational Process – Athletics Review	NCAA Compliance			
STUDENTS		Residence Hall- Student Safety Practices			
STUDENTS		Student Awareness and Training- Lab Safety			
Follow-Up of Prior Audits	Follow-Up	Follow-Up	Follow-Up	Follow-Up	Follow-Up

Note: Annual audit plans may not coincide with the schedule shown as a result of the annual risk assessment performed for that fiscal year.
 Note: Additional audits will be identified in Fiscal Year 2017 as audit projects are identified and reallocated from the unallocated hours budgets.



Board Briefing

Committee: Audit

Date Filed: August 5, 2016

Title: Acceptance of the External Audit of UNT System FY15 Consolidated Annual Financial Statements

Background:

Grant Thornton will present the final draft of the External Audit of UNT System FY 15 Consolidated Annual Financial Statements.

The UNT System Audit Committee Charter, adopted February 19, 2015 established a responsibility for the Audit Committee to recommend to the Board of Regents that the audited financial statements be included in the System's annual report.

Financial Analysis/History:

The Board of Regents directed management to obtain an external audit of the FY 15 Consolidated Annual Financial Statements.

Janet Waldron

Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System, ou=Vice
Chancellor for Finance,
email=janet.waldron@untsystem.edu, c=US
Date: 2016.08.08.12:59:38 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Vice Chancellor/General Counsel

Schedule:

The External Audit of UNT System FY 15 Consolidated Annual Financial Statements will be included in the System's annual report upon approval.

Recommendation:

It is recommended that the Board of Regents accept the Final Draft of the External Audit of UNT System FY14 Consolidated Annual Financial Statements, and direct the report be included in the System's annual report.

Recommended by:

Tracy C. Grunig

Digitally signed by Tracy C. Grunig
DN: cn=Tracy C. Grunig, o=University of North
Texas System, ou=Internal Audit,
email=tracy.grunig@untsystem.edu, c=US
Date: 2016.08.05 13:18:53 -0500

UNTS Chief Audit Executive

Lee
Jackson

Digitally signed by Lee Jackson
DN: cn=Lee Jackson, o=UNT System,
ou=Office of the Chancellor,
email=lee.jackson@untsystem.edu,
c=US
Date: 2016.08.09 18:11:07 -05'00'

Chancellor

Attachments Filed Electronically:

- Grant Thornton Presentation on the External Audit of UNT System FY 15 Consolidated Annual Financial Statements
- Final Draft of the External Audit of UNT System FY 15 Consolidated Annual Financial Statements (Grant Thornton)
- Management Representation Letter



Board Order

Title: Acceptance of the External Audit of UNT System FY15 Consolidated Annual Financial Statements

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent and seconded by Regent , the Board approved the motion presented below:

Whereas, the UNT System Audit Committee Charter, adopted February 19, 2015 established a responsibility for the Audit Committee to recommend to the Board of Regents that the audited financial statements be included in the System’s annual report, and

Whereas, the external audit firm, Grant Thornton, LLP, conducted an audit of UNT System FY 15 Consolidated Annual Financial Statements, and provided an unmodified opinion, which is the best possible opinion, and

Whereas, the Board of Regents has reviewed the FY 15 Consolidated Annual Financial Statements and the final draft audit of the UNT System FY 15 Consolidated Annual Financial Statements,

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

1. Acceptance of the Final Draft of the External Audit of UNT System FY15 Consolidated Annual Financial Statements
2. Inclusion of the Final Draft of the External Audit of UNT System FY15 Consolidated Annual Financial Statements in the System’s annual report

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Presentation to the Audit Committee of the Board of Regents - 2015 Audit Results

University of North Texas System ("System")

August 19, 2016

Attendees:

Ben Kohnle – Partner

Juliet Williams – Experienced Manager

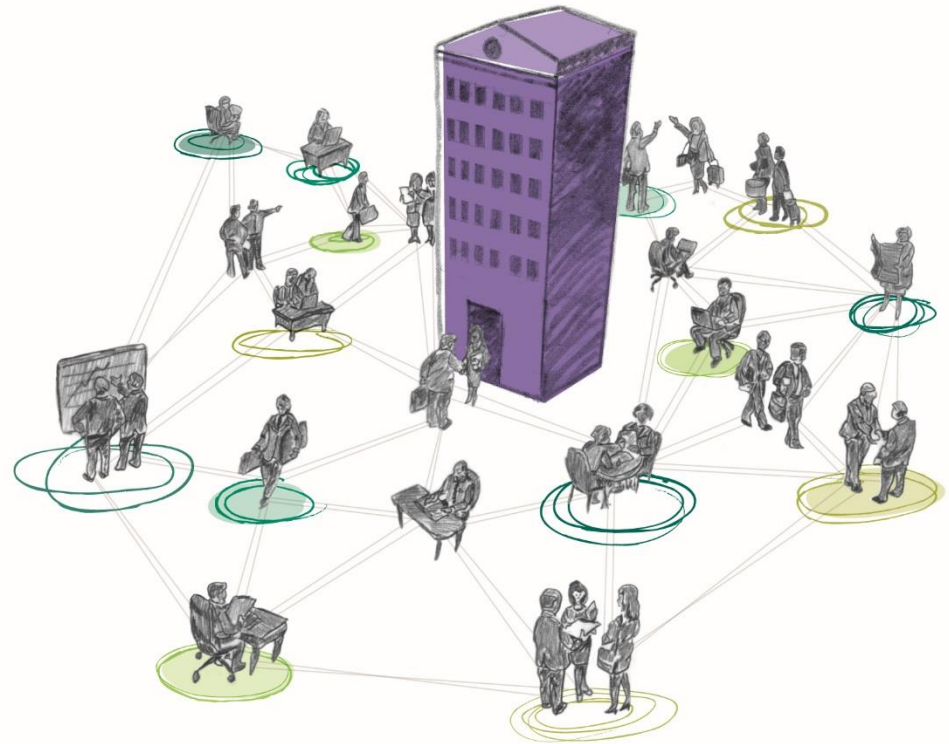


Our values are CLEARR

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- Unite through global **Collaboration**
- Demonstrate **Leadership** in all we do
- Promote a consistent culture of **Excellence**
- Act with **Agility**
- Ensure deep **Respect** for people
- Take **Responsibility** for our actions

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.



Our responsibilities

We are responsible for:

- Performing an audit of the System's financial statements as prepared by management, conducted under US GAAS and *Government Auditing Standards*
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Reading other information and considering whether it is materially inconsistent with the financial statements
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose

Responsibilities for other information in documents containing audited financial statements:

- Read the other information (we do not corroborate it)
- Consider whether it is materially inconsistent with the financial statements
- Call to management's attention identified material inconsistencies or misstatements of fact, if any

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter.

Those Charged with Governance and Management responsibilities

Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the System's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
 - Objectives and strategies and related business risks that may result in material misstatement
 - Matters warranting particular audit attention
 - Significant communications with regulators
 - Matters related to the effectiveness of internal control and your related oversight responsibilities
 - Your views regarding our current communications and your actions regarding previous communications

Management

Management is responsible for:

- Preparing and fairly presenting the financial statements in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with certain written representations

Materiality

Essentially, materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is based on a relevant financial statement benchmark.

- We believe that **total assets** is the appropriate benchmark for the System.

Financial statement items greater than materiality are in scope. Other areas less than materiality may be in scope if qualitative factors are present (for example, related party relationships or transactions and fraud risk).



Use of the work of others

Specialists

The audit team utilized an actuary within our Compensation and Benefits Consulting Practice to review the work of actuaries used by the System.

Subcontractors

Additionally, the audit team received direct assistance from two independent subcontractors during our audit testing, Serna & Company, P.C. and Gradient Solutions. This work was reviewed and managed by the Grant Thornton engagement team.

Assistance was provided by Serna & Company in the following areas:

- Testing of identified balances using procedures provided by and reviewed by GT personnel
- Providing comments based on reading of the financial statements and other related reports

Gradient Solutions specializes in the use of computer data acquisition and analysis primarily for governmental entities. Assistance was provided by Gradient Solutions in the following areas:

- Computer data acquisition and analysis in the areas of payroll, disbursements, vendor and human resources was performed and potential matters that may require further investigation were presented to the UNTS management team on July 20, 2016. A summary of suggested action items are included on pages 13 - 16.

Other Auditors

Our auditor's report on the System makes reference to the audit performed by Hankins, Eastup, Deaton, Tonn & Seay for the University of North Texas Foundation, Inc.

Significant risks and other areas of focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	
Cash and cash equivalents	Tuition and fee revenue, discounts and allowances
Investments and investment return	Federal, State and Other grant revenue
Accounts receivable and other assets	Legislative appropriations
Capital assets, depreciation and amortization	Other revenues
Notes, loans and revenue bonds payable	Operating expenses
Accounts payable and other liabilities	Intercomponent Transfers
Payroll and related liabilities	Implementation of new accounting standard
Net position classification	

Results of Financial Statement Audit

- Unmodified 'clean' opinion
- No scope limitations
- Open and effective communication with management
- No unresolved audit issues

Summary of recorded adjustment (\$000s)

Description	Assets	Liabilities	Net Position
Depreciation Expense			6,285
Accumulated Depreciation	(6,285)		
To correct overstatement of capital assets and understatement of depreciation expense in 2015 and prior years			
Net impact	\$ (6,285)	\$ -	\$ 6,285

Summary of passed adjustments (\$000s)

- Entries have been identified during the closing process, related to the FY15 audit, for which the financial statements are not being revised.
- The magnitude of the passed adjustments by financial statement category is as follows:

	Assets	Liabilities	Net Position	2015 Income Effect
Total Passed Adjustments FY15	\$ 112	\$ 2,241	\$ (2,129)	\$ 3,745
Total Passed Adjustments brought forward from FY14	\$ -	\$ -	\$ -	\$ 2,659
Total Report Balance, before Passed Adjustments	\$ 1,760,612	\$ 1,069,665	\$ 690,947	\$ 11,819
Effect of Passed Adjustments on Total Report Balance	0.01%	0.21%	-0.31%	54.18%

- Details of the above entries can be found in the management representation letter.
- Management believes, and we concur, that the impact of not making these adjustments to the System's financial statements is appropriate, given the fact that the cumulative effect is immaterial.

Summary of Changes Resulting From the Implementation of New "Accounting and Financial Reporting for Pensions"

- The implementation of the Standards resulted in the reporting of a Net Pension Liability on the Statement of Net Position for the first time, recorded through a restatement of beginning net position for fiscal year 2014 as follows:

	<u>Total</u>
Net Position at August 31, 2014 as Previously Reported	\$ 796,262,792.47
Adjustments due to implementation of GASB 68 and 71	<u>(117,135,326.88)</u>
Net Position at August 31, 2014 as Restated	<u>\$ 679,127,465.59</u>

The new Standards also resulted in:

- The reporting of various pension-related Deferred Outflows/Inflows
- Expanded footnote disclosures (Note 8, pgs. 50-55)
- Various required Supplementary Information related to pensions (pg. 67)

Internal control matters

Our responsibility

- Obtain reasonable assurance about whether the financial statements are free of material misstatement
- Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control
- We express no opinion on the effectiveness of internal control
- Control deficiencies that are of a lesser magnitude than a significant deficiency will be communicated to management.

Definitions

- A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
- A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis.
- A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Outflow Data Analysis - Suggested Action Items Resulting From Computer Data Acquisition and Analysis Work

Our audit included data analysis which focuses on the outflow side of the System's operations and involved the following data files:

- Vendor Data Information
- Disbursement Data Information
- Human Resources and Payroll Data Information

A summary of suggested actions from the data analyses is presented below:

Suggested Action items

Vendor Data

- Review vendor database as to why there is blank information.
- Review and understand the duplication patterns and evaluate the process as to how/why duplicated vendors are established and paid.

Outflow Data Analysis (continued)

Suggested Action items

Disbursement Data

- Review and understand the operational reasons as to why invoice date could occur prior to the respective purchase order date.
- Review disbursement activity to understand which vendors are receiving same payment amounts and relate such patterns to operational information and agreements, potential duplicate payments, etc.
- Review and gain a general understanding as to why payment patterns might not comply with the State of Texas Prompt Payment Act.
- Review payment patterns for potential of improving cash management.

Outflow Data Analysis (continued)

Suggested Action items

Disbursement Data (continued)

- Review the patterns of payments to Vendors with no Tax ID Number for general compliance with IRS rules and regulations.
- Review and gain an understanding of the reason why check numbers are used more than one time.

Outflow Data Analysis (continued)

Suggested Action items

Human Resources and Payroll Data

- Review the categories as to why there is blank HR information.
- Review report to understand operational reasons as to certain employees working with different business units.
- Review report to understand the information for family and reporting relationships within the operations of the University.
- Review the checks paid after termination date for appropriateness.

Other Required Communications

Disagreements with management

We had no disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the System's financial statements or the auditor's report.

Management's consultations with other accountants

We are not aware of any consultations by management with other accountants regarding accounting or auditing matters.

Difficulties encountered during the audit

We encountered no significant difficulties, including:

- Significant delays in providing information
- Unnecessarily brief time to complete the audit
- Unavailability of expected information or System personnel
- Restrictions imposed by management
- Extensive unexpected effort to obtain evidence



Quality of Accounting Practices

Accounting policies

Accounting principles used by the System are considered appropriate in all material respects.

Modifications to the auditor's report

There were no modifications to the audit report.

Accounting estimates

- Valuation of investments
- Contributions receivable
- Allowance for uncollectible accounts, including patient receivables
- Accruals for the self insurance and pension plans based on actuarial assumptions

We performed tests to satisfy ourselves that these amounts were free from material misstatements.

Disclosures

- We assessed the footnote disclosures and consolidated financial statements for clarity and completeness.
- Footnote disclosures in the financial statements appear overall to be neutral, consistent, and clear.



Selected pronouncements effective for the year ended August 31, 2016 or subsequent periods

ASU	Effective date	Impact
GASB 72 , Fair Value Measurement and Application	Financial reporting periods beginning after June 15, 2015	Addresses accounting and financial reporting issues related to fair value measurements., provides guidance for determining a fair value measurement for financial reporting purposes, and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
GASB 75 , Accounting and Financial Reporting for Postemployment Benefits Other than Pensions	Fiscal years beginning after June 15, 2017	Addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government entities.

This communication is intended solely for the information and use of management and the Audit Committee of the Board of Regents of the University of North Texas System and is not intended to be and should not be used by anyone other than these specified parties.



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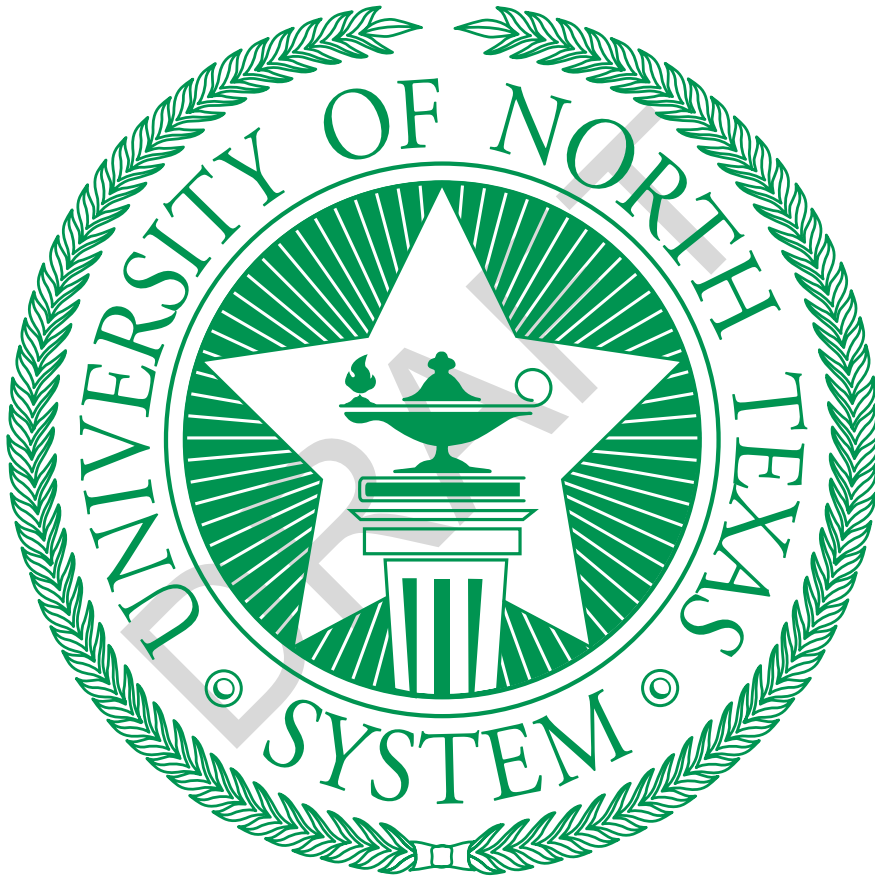
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CONSOLIDATED ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED AUGUST 31, 2015

UNIVERSITY OF
NORTH★TEXAS™
SYSTEM

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**UNIVERSITY OF NORTH TEXAS
SYSTEM**

**CONSOLIDATED ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT**

For the fiscal year ended August 31, 2015

DALLAS, TEXAS

Lee Jackson, Chancellor

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2015

BOARD OF REGENTS

Donald Potts (Term expires 5-22-17) Dallas
Al Silva..... (Term expires 5-22-17) San Antonio
Milton B. Lee..... (Term expires 5-22-17) San Antonio

Rusty Reid (Term expires 5-22-19) Ft. Worth
Gwyn Shea (Term expires 5-22-19) Irving
B. Glen Whitley (Term expires 5-22-19)Hurst

Brint Ryan (Term expires 5-22-21) Dallas
A.K. Mago..... (Term expires 5-22-21) Dallas
Laura Wright (Term expires 5-22-21) Dallas

STUDENT REGENT

Christopher Lee..... (Term expires 5-31-17) Houston

OFFICERS OF THE BOARD

Brint Ryan Chairman
Donald Potts Vice Chairman
Rosemary R. Haggett Secretary

ADMINISTRATIVE OFFICERS

Lee F. Jackson Chancellor
Janet Waldron.....Vice Chancellor for Finance

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August 19, 2016

Brint Ryan, Chairman, UNT System Board of Regents
Don Potts, Vice Chairman, UNT System Board of Regents
Glen Whitley, Chairman Audit Committee
Board of Regent Members
University of North Texas System
1901 Main Street
Dallas, Texas 75201

Dear Chairman Ryan, Vice Chairman Potts, Chairman Whitley
and Board of Regents

We are pleased to submit the audited Consolidated Annual Financial Report (CAFR) of the University of North Texas System (UNTS) for the fiscal year ended August 31, 2015. This report is in compliance with TEX. GOV'T CODE ANN 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts and Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In fiscal year 2015, the University of North Texas System employed over 10,000 people, educated over 42,000 students, and awarded more than 9,200 degrees. With a total annual economic impact of over \$5.2 billion, the System is a robust contributor to the vitality and growth of the region, and to the prosperity and culture of the state. Rooted in the 125-year history of our flagship institution in Denton, UNTS continues to innovate, to excel, and to serve.

The University of North Texas, renowned for its arts and music programs and built on a history of teacher training, business education, and liberal arts, is also ranked among the 115 top-tier research universities in the latest Carnegie Classification list. The university has been named one of America's 100 Best College Buys for 20 consecutive years, a ranking based on having a high-achieving freshman class and affordable tuition. *The Princeton Review* continually names UNT as a Best in the West school and Forbes has listed UNT as an America's Top College for eight consecutive years. UNT has 15 programs ranked in the Top 100 in the nation by U.S. News & World Report.

UNT Health Science Center at Fort Worth is one of the nation's premier graduate academic medical centers and is composed of five schools that specialize in patient-centered education, research and health care. UNTHSC's dedication to primary care has received national recognition for the 15th consecutive year in U.S. News & World Report's annual ranking of medical schools. The university invests \$42 million in annual research expenditures – a figure that has doubled since 2006.

UNT Dallas, the only public, doctoral granting comprehensive university in the City of Dallas – the hub of the State's most densely populated region – offers bachelors, masters and a juris doctor degree.

Enrollment has increased since its inception and now includes the UNT Dallas College of Law, a distinctive new school dedicated to providing affordable access to education with an annual tuition that is significantly lower than all other law schools, public or private, in Texas.

In 2015, the 84th Texas Legislature reaffirmed its commitment to UNTS and its institutions by increasing funding by more than \$70 million dollars for 2016 and 2017 for instruction and operations, infrastructure and capital projects, research, and graduate medical education. Unique strengths of UNT System component institutions are also recognized and funded, including: the UNT Health Science Center's Institute for Patient Safety and Preventable Harm; its forensics program, the most advanced in the country; and the University of North Texas's Texas Academy of Mathematics and Science, an important pipeline for STEM education, and one of the many ways that UNT advances science, math, engineering and technology.

We are committed to being good stewards of the resources entrusted to us by the State of Texas and by students and their families, and we hold ourselves accountable for the wise and appropriate use of those resources. UNT System's externally-audited consolidated annual financial report serves as a testament to the work we've done to ensure that our stewardship, accountability, and financial viability are just as strong and important to us as our academic services themselves.

Respectfully,

Janet Waldron
Vice Chancellor for Finance, UNT System

cc: Lee F. Jackson, Chancellor
Dr. Neal Smatresk, President UNT
Dr. Michael Williams, President UNTHSC
Robert Mong, President UNT Dallas
Bob Brown, VP Finance and Administration, UNT
Greg Anderson, Interim CFO, UNTHSC
Dan Edelman, CFO, VP of Finance and Administration, UNT Dallas
Tracy Grunig, Chief Internal Auditor, UNT System
Nancy Footer, Vice Chancellor General Counsel, UNT System

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Regents
University of North Texas System

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the University of North Texas System (the “System”) as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the System’s basic financial statements as listed in the table of contents.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of North Texas Foundation, Inc. (the “Foundation”), a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the System as of August 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a matter

As discussed in Note 10 to the financial statements, the System adopted new accounting guidance 2015 related to the accounting and reporting for pensions. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11 through 21, and Required Supplemental Information on pages 67, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated August 19, 2016, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Dallas, Texas
August 19, 2016

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2015

Introduction

The University of North Texas System (the "System") was established by the 76th Legislature and legislative funding was provided for the fiscal year beginning September 1, 1999. The System is an agency of the State of Texas and is currently comprised of the University of North Texas System Administration ("System Administration"), established 1999, and three academic institutions funded by the Legislature: the University of North Texas ("UNT"), established 1890; the University of North Texas Health Science Center at Fort Worth ("HSC"), established 1970; and the University of North Texas at Dallas ("UNTD"), established 1999.

The System serves the North Texas area, boosting economic activity in the region by over \$5 billion annually. Approximately 41,000 students are enrolled in undergraduate, graduate and professional programs. The System awarded more than 9,300 degrees this past academic year, including the largest number of Master's and Doctoral degrees in the region. The System has a network of over 360,000 alumni with more than 237,000 alumni living in the Dallas-Fort Worth region. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a non-voting Student Regent for a one-year term.

Financial Highlights and Overview of the Financial Statements

The objective of Management's Discussion and Analysis (the "MD&A") is to provide an overview of the financial position and activities of the System for the year ended August 31, 2015, with selected comparative information for the year ended August 31, 2014. As discussed in Note 10, *Adjustments to Net Position*, in the Notes to the Consolidated Financial Statements, the beginning net position for the year ended August 31, 2015 was restated. The comparative information provided in the MD&A compares the year ended August 31, 2015 to the year ended August 31, 2014. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on current year data. Unless otherwise indicated, years in this MD&A refer to the fiscal years ended August 31.

The System consolidated financial report includes three primary financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements of the System have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

In addition, the System consolidated financial report contains the Statement of Financial Position and the Statement of Activities for the University of North Texas Foundation, Inc. (the "Foundation"), a discretely presented component unit. The Foundation is a separate nonprofit organization which is an essential component of the University of North Texas program for university advancement and for the development of private sources of funding for capital acquisition, operations, endowments, and other purposes relating to the mission of the University of North Texas. The financial statements of the Foundation have been prepared in accordance with GAAP as prescribed by the Financial Accounting Standards Board ("FASB").

Financial Highlights

- In 2015, the System implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, which resulted in a restatement reducing the beginning balance of the unrestricted net position by \$117.1 million; the establishment of \$9.8 million in deferred outflows of resources, and \$126.9 million in net pension liability as of August 31, 2014 (See Note 10, *Adjustments to Net Position*). As of August 31, 2015, the net pension liability is reported at \$103.4 million.

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For the Year Ended August 31, 2015

- Total assets and deferred outflows of resources of the System exceeded its total liabilities and deferred inflows of resources at August 31, 2015, resulting in a net position of \$695.5 million. Unrestricted net position, which may be used to meet the System's future obligations, was \$142.5 million, or 20.3% of total net position at year end.
- Net position decreased by \$100.7 million, in comparison with fiscal year 2014. Major contributing factors related to this change included the \$117.1 million reduction in unrestricted net position due to the initial recording of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, in 2015 offset by an increase in net position of \$16.4 million.
- In 2015, the System concluded the fiscal year with a positive change in net position of \$16.4 million, compared to a \$50.6 million change in 2014. This \$34.2 million reduction is accounted for primarily by a \$21.0 million decrease in the fair value of investments due to unfavorable market conditions existing in 2015, as well as an \$8.6 million increase in depreciation and amortization primarily due to a change in useful life of existing building components.
- Net investment in capital assets increased by \$28.0 million, or 6.5%, reflecting significant capital project work to benefit the faculty, staff and students of the System. The "Capital Asset and Debt Administration" section of the MD&A provides more details pertaining to this increase.

Overview of the Financial Statements

These statements are prepared applying the following principles and standards:

- Reporting is on the full accrual basis of accounting. All current year revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.
- Depreciation and amortization expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses and Changes in Net Position. The historical cost of capital assets, net of accumulated depreciation and amortization, is reported on the Statement of Net Position.
- Revenues and expenses are categorized as operating or nonoperating. Revenues from state appropriations, gifts, and investment income are reported as nonoperating revenue in accordance with GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended.

Statement of Net Position

The Statement of Net Position presents the financial position of the System at fiscal year-end. From the data presented, readers of this statement are able to determine the assets available to continue the operations of the System. They are also able to determine what the System owes to vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and the availability of resources to cover the expenses of the System. The change in net position is one indicator of whether the financial condition has improved or worsened during the fiscal year when considered with nonfinancial facts, such as enrollment levels and the condition of facilities.

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the System as of the end of the year. The net position section of the statement is reported by three major categories: 1) Net Investment in Capital Assets, 2) Restricted, and 3) Unrestricted. The Net Investment in Capital Assets section represents the System's equity in property, plant, and equipment, net of accumulated depreciation and amortization, capital asset related bonds and other debt items. Restricted Net Position is reported for amounts subject to constraints that are either externally imposed or imposed by law. Amounts that are permanently held for

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investment are divided into two categories: 1) Non-Expendable and 2) Expendable. Unrestricted Net Position is available for any lawful purpose of the System.

The following table reflects the Condensed Comparative Statement of Net Position for the System as of August 31, 2015 and 2014:

Condensed Comparative Statement of Net Position			
As of August 31, 2015 and 2014			
(in thousands of dollars)			
	<u>2015</u>	<u>2014</u>	<u>% Increase (Decrease)</u>
Assets and Deferred Outflows of Resources			
Current Assets	\$ 498,910	\$ 464,722	7.4%
Non-Current Assets:			
Capital Assets, Net	1,004,303	930,893	7.9%
Other Non-Current Assets	223,979	242,983	(7.8%)
Deferred Outflows of Resources	22,298	4,768	367.7%
Total Assets and Deferred Outflows of Resources	<u>\$ 1,749,490</u>	<u>\$ 1,643,366</u>	<u>6.5%</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 376,985	\$ 420,347	(10.3%)
Non-Current Liabilities:			
Bonded Indebtedness	362,782	389,737	(6.9%)
Other Non-Current Liabilities	282,173	37,019	662.2%
Deferred Inflows of Resources	32,034	-	100.0%
Total Liabilities and Deferred Inflows of Resources	<u>1,053,974</u>	<u>847,103</u>	<u>24.4%</u>
Net Position			
Net Investment in Capital Assets	457,329	429,303	6.5%
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	45,615	44,639	2.2%
Expendable	16,475	21,566	(23.6%)
Other Restricted	33,550	24,463	37.1%
Total Restricted	95,640	90,668	5.5%
Unrestricted	142,547	276,292	(48.4%)
Total Net Position	<u>695,516</u>	<u>796,263</u>	<u>(12.7%)</u>
Total Liabilities and Net Position	<u>\$ 1,749,490</u>	<u>\$ 1,643,366</u>	<u>6.5%</u>

The section below includes explanations and management's analysis of significant changes within the Statement of Net Position:

Total Assets and Deferred Outflows

Current Assets

The System's current assets increased \$34.1 million, or 7.4%, in 2015 primarily as a result of an overall increase in total cash and cash equivalents of approximately \$24.5 million being generated from positive operational results along with a \$6.8 million increase in prepaid expenses primarily associated with property insurance and scholarships.

Non-Current Assets: Net Capital Assets

Net capital assets increased \$73.4 million, or 7.9%, in 2015 as a result of an increase in capital and intangible assets. This increase was primarily attributable to approximately \$140.3 million of capital improvements offset by depreciation and amortization expense of \$62.5 million. Major capital projects included \$51.6 million in renovation to the Student Union, \$27.5 million for Rawlins Hall, \$6.5 million for capitalized software costs, \$5.9 million for

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renovation to Marquis Hall, \$5.3 million in equipment purchases, \$5.1 million for the purchase of campus adjacent property facing I-35, and other additions to depreciable capital assets.

Other Non-Current Assets

The System's other non-current assets decreased by \$19.0 million, or 7.8%, primarily due to a reduction in the fair market value of investments resulting from a significant decline in the equity and bond markets.

Deferred Outflows

Deferred outflows increased \$17.5 million, or 367.7%, in 2015, primarily due to the recognition of \$18.3 million of deferred outflows of resources related to pension obligations required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

Total Liabilities and Deferred Inflows

Current Liabilities

The System's current liabilities decreased \$43.4 million, or 10.3%, in 2015 primarily due to \$70.8 million of short-term commercial paper being reclassified to non-current notes and loans payable that were ultimately refinanced in the 2015 A&B Bond Series issued September 30, 2015. This decrease was offset by \$17.6 million of increases in accounts payable related to various ongoing construction projects throughout the System and \$16.8 million increase in unearned revenue, primarily related to increased prepayments of tuition and fees, associated with the rise in student enrollment and increases in tuition and fees. There was also a \$4.4 million reduction in funds held for others.

Non-Current Liabilities

Non-current liabilities consist primarily of non-current portions of notes and loans payable; revenue bonds payable; net pension liability; employees' compensable leave payable; and capital lease obligations. In total, non-current liabilities increased \$218.2 million, or 51.1%, primarily due to a \$70.8 million reclassification of short-term commercial paper into non-current notes and loans payable as indicated above, combined with an increase of \$66.5 million in private placement debt less \$23.4 million in scheduled principle payments on existing revenue bonds. In addition, \$103.4 million of net pension liability was recognized in 2015 as required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

Deferred Inflows

Deferred inflows increased \$32.0 million, or 100%, in 2015 primarily due to the recognition of \$31.6 million of deferred inflows of resources related to pension obligations required under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

Total Net Position

Total net position represents the residual interest in the System's total assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position decreased by \$100.7 million, or 12.7%, in 2015.

Net Investment in Capital Assets

Net investment in capital assets represents the System's capital and intangible assets, net of accumulated depreciation and amortization and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. The net \$28.0 million, or 6.5%, increase in net investment in capital assets in 2015 primarily resulted from a net increase of \$140.3 million of capital additions reduced by \$62.5 million of depreciation and amortization offset by a \$43.3 million net increase in notes and bonds payable, capital lease obligations, and deferred outflows and inflows of resources related to unamortized gains and losses on refunded bonds.

Restricted Net Position

Restricted net position primarily includes the System's permanent investments subject to externally imposed restrictions governing their use. In total, restricted net position increased by \$5.0 million, or 5.5%, in 2015 primarily

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due to increased resources from grants and miscellaneous restricted funds, along with positive fundraising efforts resulting in an increase in restricted contributions across the System.

Unrestricted Net Position

Unrestricted net position decreased by \$133.7 million, or 48.4%, primarily due to a \$117.1 million negative restatement in net position resulting from the initial recording of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, in 2015.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the System's revenues earned and the expenses incurred during 2015, regardless of when cash is received or paid. Activities are reported as either operating or nonoperating. Generally, operating revenues are earned in exchange for providing goods and services. Operating expenses are incurred in the normal operation of the System, including a provision for depreciation and amortization on capital assets. Certain revenue sources the System relies on for operations include state appropriations, gifts, grants and investment income which are required by GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended, to be classified as nonoperating revenues. Revenues are reported by major source, and expenses are reported on the face of the statement by functional (programmatic) categories as defined by the National Association of College and University Business Officers ("NACUBO").

The following table reflects the System's Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2015 and 2014:

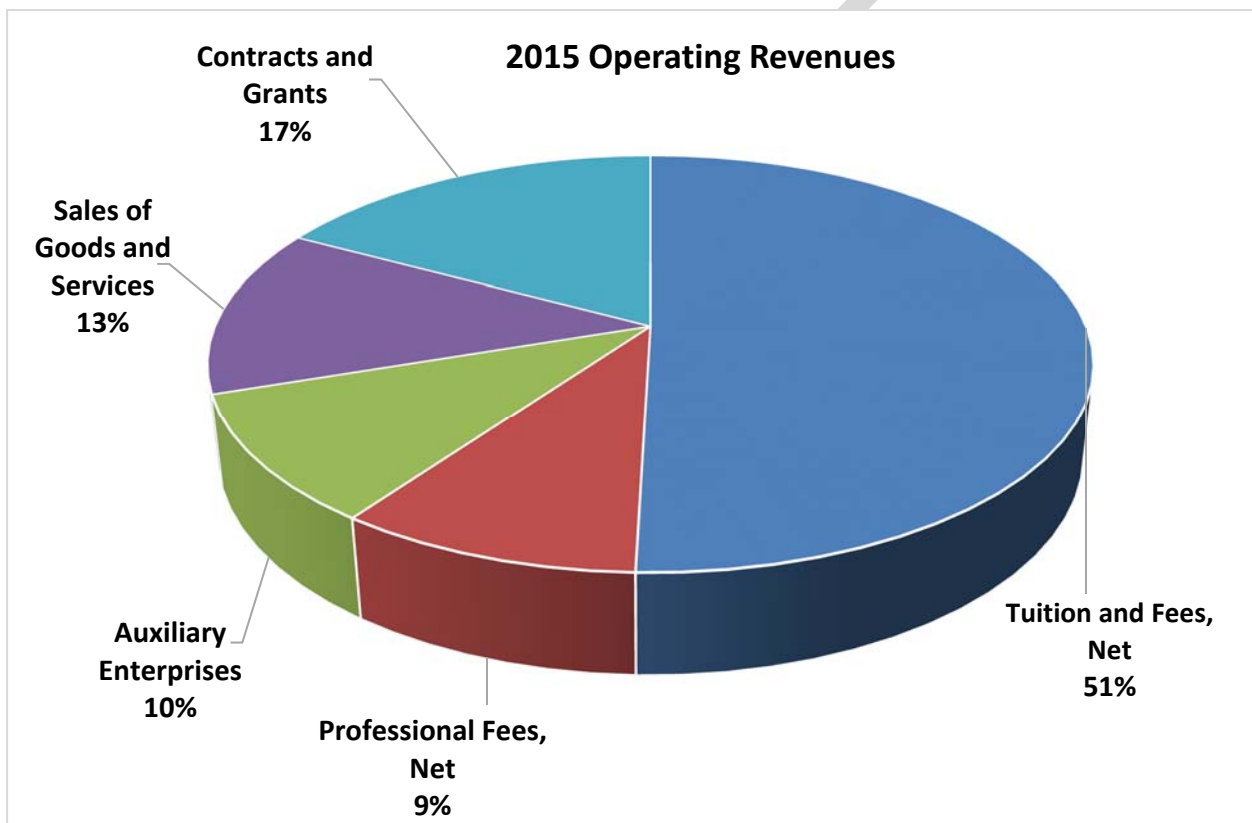
Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position			
For the Years Ended August 31, 2015 and 2014			
(in thousands of dollars)			
	<u>2015</u>	<u>2014</u>	<u>% Increase (Decrease)</u>
Operating Revenues	\$ 600,222	\$ 572,322	4.9%
Operating Expenses	887,364	865,342	2.5%
Operating Income (Loss)	(287,142)	(293,020)	(2.0%)
Nonoperating Revenues (Expenses)	269,198	308,526	(12.7%)
Income (Loss) Before Other Revenues, Expenses and Transfers	(17,944)	15,506	(215.7%)
Other Revenues, Expenses and Transfers	34,333	35,131	(2.3%)
Change in Net Position	16,389	50,637	(67.6%)
Net Position, Beginning of Year	796,263	758,458	5.0%
Restatement	(117,136)	(12,833)	812.8%
Restated Net Position, Beginning of Year	679,127	745,626	(8.9%)
Net Position, End of Year	\$ 695,516	\$ 796,263	(12.7%)

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2015

Operating Revenues

Operating revenues totaled \$600.2 million for the year ended August 31, 2015, an increase of \$27.9 million, or 4.9%, over 2014. The System's primary sources of operating revenues are from tuition and fees, and federal, state, local, and private grants. Net tuition and fees, representing 51% of operating revenues, are reflected in the financial statements with associated discounts and allowances shown separately. Net tuition and fees increased \$19.4 million, or 6.8%, as a result of increased enrollment and increased tuition rates throughout the System. Federal, state, local, and private grant revenues, representing 17% of operating revenues, are primarily from governmental and private sources and are related to research programs that normally provide for the recovery of direct and indirect costs. Federal, state, and local grants also include revenues from contracts with the Federal Bureau of Prisons for clinical activities.

The pie chart below shows operating revenues by major source for the year ended August 31, 2015:



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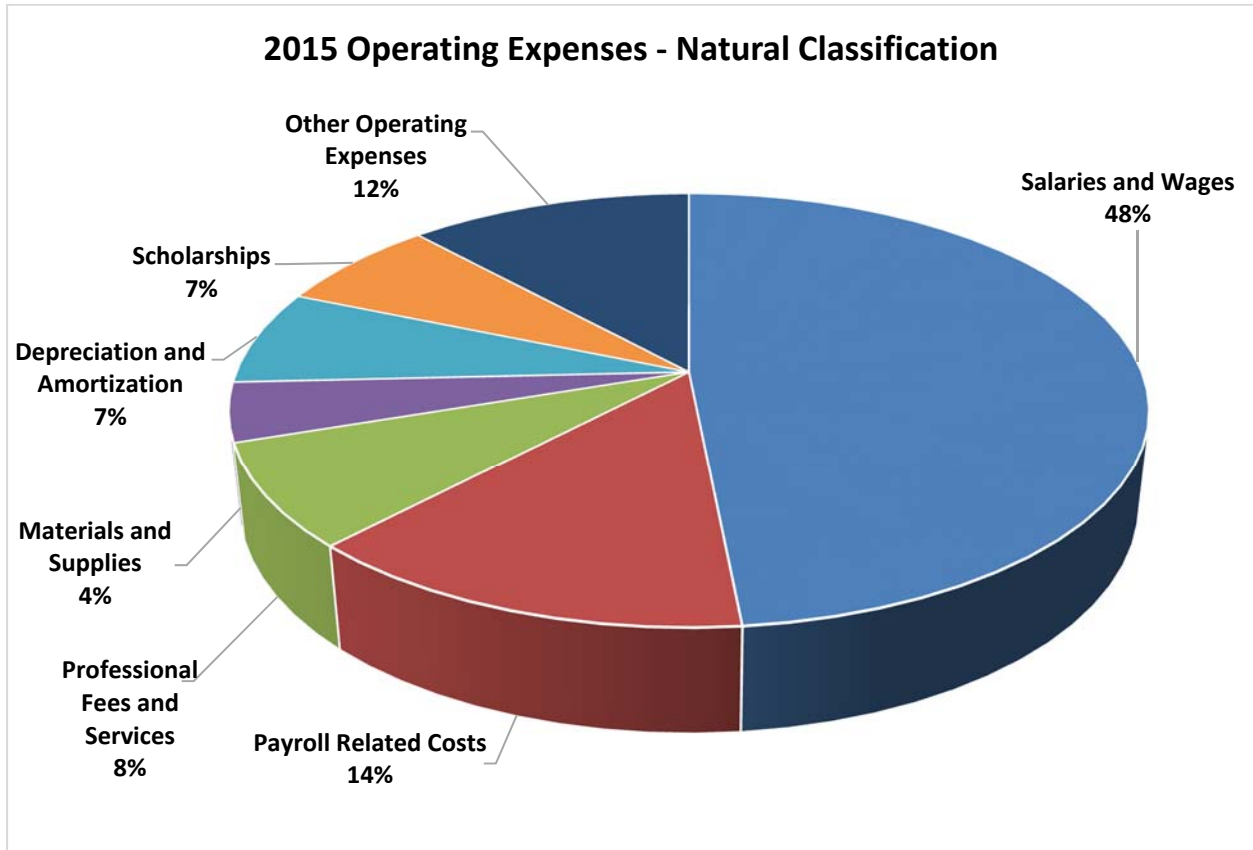
Operating Expenses

Operating expenses totaled \$887.4 million for the year ended August 31, 2015, an increase of \$22.0 million, or 2.5%, over 2014. The increase is primarily due to a combined \$22.7 million increase in employee related compensation costs, including a \$11.3 million increase in salaries and wages, primarily due to an increase in pay rates at HSC to align with market rates, as well as increases in headcount across the System, and an \$11.3 million increase in payroll related benefit expenses. An additional increase of \$8.6 million in depreciation and amortization expense is primarily due to a change in useful life of existing building components. The remaining variance, a decrease of \$9.3 million, represents an overall reduction in various other operating expense categories due to a concerted effort at the System level to reduce operating expenses where appropriate.

The table and pie chart below show the amount and percentage change, as well as the percentage of total operating expenses pertaining to each type of operating expense based on natural classification for the year ended August 31, 2015:

Operating Expenses - Natural Classification				
For the Years Ended August 31, 2015 and 2014				
(in thousands of dollars)				
	<u>2015</u>		<u>2014</u>	<u>% Increase (Decrease)</u>
Operating Expenses				
Cost of Goods Sold	\$ 5,994	\$	5,767	3.9%
Salaries and Wages	429,971		418,659	2.7%
Payroll Related Costs	121,118		109,765	10.3%
Professional Fees and Services	68,698		62,353	10.2%
Federal Pass-Through Expenses	487		341	42.9%
State Pass-Through Expenses	99		217	(54.5%)
Travel	11,193		12,090	(7.4%)
Materials and Supplies	39,037		44,248	(11.8%)
Communications and Utilities	19,234		21,755	(11.6%)
Repairs and Maintenance	27,564		22,639	21.8%
Rentals and Leases	11,082		9,508	16.6%
Printing and Reproduction	4,307		4,308	(0.0%)
Depreciation and Amortization	62,508		53,867	16.0%
Scholarships	61,004		69,686	(12.5%)
Claims and Losses	3,346		5,021	(33.4%)
Other Operating Expenses	21,722		25,118	(13.5%)
Total Operating Expenses	<u>\$ 887,364</u>	<u>\$</u>	<u>865,342</u>	<u>2.5%</u>

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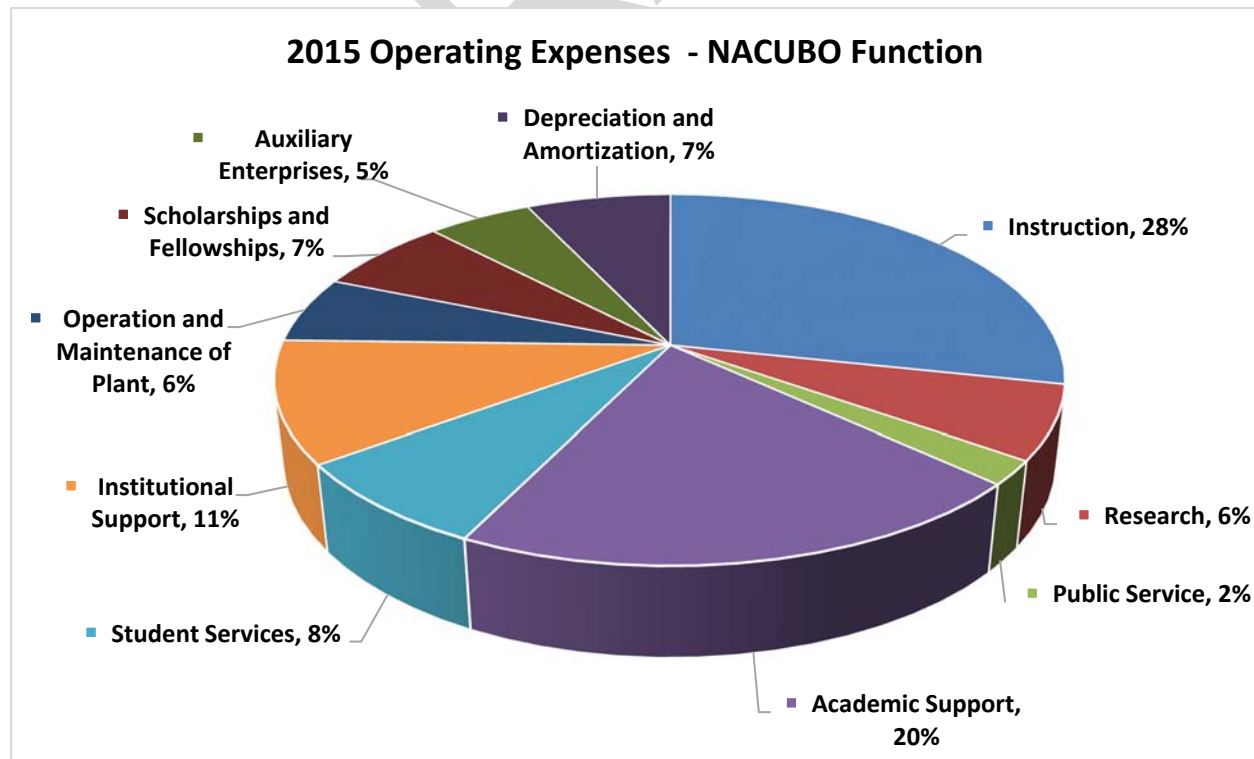


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Management's Discussion and Analysis (Unaudited)
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The table and pie chart below show the amount and percentage change as well as the percentage of total operating expenses pertaining to each type of operating expense based on NACUBO functional (programmatic) classification for the year ended August 31, 2015:

Operating Expenses	2015	2014	% Increase (Decrease)
Instruction	\$ 251,692	\$ 251,998	(0.1%)
Research	56,830	57,853	(1.8%)
Public Service	18,569	18,461	0.6%
Academic Support	180,992	170,056	6.4%
Student Services	67,673	67,517	0.2%
Institutional Support	93,716	89,627	4.6%
Operation and Maintenance of Plant	51,371	45,626	12.6%
Scholarships and Fellowships	58,799	67,841	(13.3%)
Auxiliary Enterprises	45,215	42,496	6.4%
Depreciation and Amortization	62,508	53,867	16.0%
Total Operating Expenses	\$ 887,364	\$ 865,342	2.5%



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Nonoperating Revenues and Expenses

Certain significant recurring revenues and expenses are considered nonoperating. The System's primary nonoperating revenues come from state appropriations, federal Pell grant revenue, gifts, and investment income. The System's primary nonoperating expenses are interest expense and fiscal charges, and in 2015, loss on sales of capital assets, and net decrease in fair market value of investments. Legislative and additional appropriations increased \$3.2 million, or 1.4%, between 2014 and 2015. The fair value of the System's investments decreased by \$21.0 million primarily due to unfavorable market conditions for the Foundation-managed long-term investment pool. Interest expense and fiscal charges on capital asset financings decreased by \$1.2 million from \$17.3 million in 2014 to \$16.1 million in 2015 due to lower weighted-average outstanding debt balances and capitalized interest of \$0.6 million in the current year.

Other Revenues, Expenses and Transfers

Other revenues, expenses and transfers is comprised of capital and endowment related additions and transfers. There were no significant changes from the prior year. Higher Education Assistance Funds ("HEAF") comprise the majority of the balance. Annual HEAF-related revenue totaling \$36.6 million is reported as capital appropriations rather than operating or nonoperating revenue.

Capital Asset and Debt Administration

Investments in capital asset additions were \$140.3 million in 2015. Major capital project activity included:

- Land and Building Acquisitions (UNT) – 1500 I-35E and 1002 Avenue C
- Building Improvements (System Administration) – 1900 Elm Majestic Lofts
- Building Improvements (UNT) – Student Union, Rawlins Hall, Marquis Hall, Bruce Hall, West Hall, Radio, TV, Film and Performing Arts Building, Sycamore Hall, Kerr Hall and Science Research Building
- Building Improvements (HSC) – Research and Education Building, Professional Building and Interdisciplinary Research Building
- Building Improvements (UNTD) – Residence Hall
- Infrastructure Improvements (UNT) – Chiller Addition at Highland Street Parking Garage and Outdoor Lighting System

The System has committed \$297.9 million to capital asset additions and improvements which are in various stages of completion. These additions and improvements primarily consist of new buildings or renovations to existing buildings, including the Interdisciplinary Research Building at HSC, the College of Visual Arts and Design at UNT, and the Student Union at UNT. More detailed information regarding the System's capital additions and commitments is provided in Note 2, *Capital Assets*, and Note 11, *Contingencies and Commitments*, in the Notes to the Consolidated Financial Statements.

Revenue bonds payable represents the largest portion of the System's liabilities. Current and non-current revenue bonds payable decreased \$26.7 million to \$389.4 million at August 31, 2015. All bonds related to financing of current and prior years' construction needs reflect "Aa2" and "AA" credit ratings from two major bond rating agencies, Moody's and Fitch, respectively. More detailed information regarding the System's bonded indebtedness is provided in Note 4, *Short-Term Debt*, and Note 5, *Long-Term Liabilities*, in the accompanying Notes to the Consolidated Financial Statements.

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Management's Discussion and Analysis (Unaudited)
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Economic Outlook

The System's primary sources of revenue are tuition and fees and legislative appropriations. Strong enrollment growth, program expansion, and a successful 84th legislative session contributed to a positive outlook for the System.

For 2016, net tuition and fees revenues are budgeted at an increase of \$14.1 million, or 7.8%, over 2015. This revenue increase is the result of modest tuition rate increases and full-time student equivalent enrollment growth. Between fall 2014 and fall 2015, enrollment increased over 5.0% system-wide.

During the 84th Texas Legislative Session, the State renewed its commitment to higher education with \$1.35 billion in new funding for 2016 and 2017. Significant investments in institutions included maintaining and enhancing formula rates, funding capital projects, and raising the amount of the constitutional capital appropriation (HEAF). This resulted in a two-year appropriations increase to System institutions of over \$80 million.

Fiscal year 2016 budgeted legislative appropriation revenues for the System are \$30.3 million, or 11.3%, higher than 2015. Budgeted amounts include new funding for specialized initiatives and unique programs recognized by the 84th Legislature as deserving state support. These areas of excellence include HSC's Institute for Patient Safety and Preventable Harm, HSC's Texas Missing Persons and Human Identification Program, and UNT's Texas Academy of Mathematics and Science. The merger between UNTD and the College of Law was also supported with operations funding to support the incoming second- and third-year law classes.

State appropriation increases will continue into 2017 with an influx of funding to support construction and renovation of facilities for each System institution and other capital expenditures. State-supported construction projects were selected to allow for continued growth, increased research capacity and excellent programs. Planning is underway for a third classroom building at UNTD, an interdisciplinary research building at HSC, a new College of Visual Arts and Design facility at UNT, and renovations of facilities for the College of Law in downtown Dallas.

Financing for these projects should be more readily available after both Fitch and Moody's improved the System's outlook from 'negative' to 'stable' during 2015. Additionally, the System invested significant contributions toward improvements in financial accounting and reporting over the previous two fiscal years with the majority of expenses in 2015. These financial initiatives will start to be fully implemented in 2016, which will reduce cash outlays and free up additional resources to invest in academic initiatives.

Recently completed capital projects at UNT include Rawlins Hall, a 500-bed residence hall that opened in fall 2015, with demand for on-campus housing still exceeding bed capacity, and a new student union, while UNTD has begun construction planning efforts for its first residence hall. Other strategic initiatives for growth and revenue include UNT's plan to establish a footprint in Frisco, Texas, one of the fastest growing high-tech regions in the country. UNT's approximately 30,000 square foot Frisco campus will be able to seat about 500 students at a time, enabling UNT to deliver site-directed workforce development to the Fortune 1,000 companies in the region. Additionally, HSC plans to add a medical school in partnership with Texas Christian University ("TCU"). The joint HSC-TCU medical school plans to accept its first class in 2018 and is expected to increase educational and research opportunities at the two institutions.

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CONSOLIDATED
FINANCIAL STATEMENTS

of the
UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS
August 31, 2015

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UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Net Position
As of August 31, 2015

	August 31,
	2015
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 229,848,495.74
Restricted Cash and Cash Equivalents	17,492,267.19
Legislative Appropriations	76,272,672.68
Receivables From:	
Accounts Receivable	76,970,716.13
Federal	31,768,043.68
Clinical Practice	12,337,157.95
Gifts, Pledges and Donations	2,277,547.37
Other	3,247,733.47
Due From Other Agencies	7,299,754.12
Inventories	2,673,017.97
Loans and Contracts	2,056,394.93
Other Current Assets	36,666,273.70
Total Current Assets	\$ 498,910,074.93
Non-Current Assets	
Restricted Investments	\$ 80,770,325.70
Loans and Contracts	5,449,914.98
Investments	135,366,663.87
Gifts, Pledges and Donations	2,391,768.82
Capital Assets:	
Non-Depreciable or Non-Amortizable	226,584,102.03
Depreciable or Amortizable, Net	777,719,152.46
Total Non-Current Assets	\$ 1,228,281,927.86
Total Assets	\$ 1,727,192,002.79
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources	\$ 22,298,024.40
Total Deferred Outflows of Resources	\$ 22,298,024.40
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,749,490,027.19

Continued on Next Page

**August 31,
2015**

LIABILITIES

Current Liabilities

Payables From:

Accounts Payable	\$ 55,155,059.07
Payroll Payable	45,333,486.93
Other Payables	4,062,488.07
Interest	6,505,108.67
Due To Other Agencies	88,385.06
Unearned Revenue	210,750,445.63
Notes and Loans Payable	5,282,000.00
Revenue Bonds Payable	26,609,803.59
Claims and Judgments	2,760,768.00
Employees' Compensable Leave	4,199,443.80
Capital Lease Obligations	1,179,712.18
Funds Held for Others	15,058,519.01

Total Current Liabilities **\$ 376,985,220.01**

Non-Current Liabilities

Notes and Loans Payable	\$ 152,285,000.00
Revenue Bonds Payable	362,782,145.84
Claims and Judgments	817,464.00
Employees' Compensable Leave	21,941,593.01
Capital Lease Obligations	3,721,487.04
Net Pension Liability	103,405,818.19
Other Non-Current Liabilities	1,361.47

Total Non-Current Liabilities **\$ 644,954,869.55**

Total Liabilities **\$ 1,021,940,089.56**

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources	\$ 32,033,745.17
-------------------------------	------------------

Total Deferred Inflows of Resources **\$ 32,033,745.17**

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES **\$ 1,053,973,834.73**

NET POSITION

Net Investment in Capital Assets	\$ 457,329,236.72
Restricted For:	
Funds Held as Permanent Investments	
Non-Expendable	45,614,587.24
Expendable	16,474,812.23
Other Restricted	33,550,299.90
Unrestricted	142,547,256.36

TOTAL NET POSITION **\$ 695,516,192.46**

Concluded

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

Statement of Financial Position

As of August 31, 2015

	August 31,
	2015
ASSETS	
Cash and Cash Equivalents	\$ 13,392,673
Investments	258,474,105
Contributions and Other Receivables	17,258,927
Prepaid Expenses	1,095
Real Property	269,360
Other Assets	7,500
Cash Value - Life Insurance Policies	512,137
Assets Held Under Trust and Annuity Agreements	6,370,781
Total Assets	<u>296,286,578</u>
LIABILITIES	
Accounts Payable and Accrued Expenses	1,495,345
Agency Funds	149,050
Trust and Annuity Obligations	2,152,161
Assets Held for Others	167,796,746
Total Liabilities	<u>171,593,302</u>
NET ASSETS	
Unrestricted:	
Board designated for reserves	1,272,517
Fair value of endowments below historical cost	(1,088,028)
Undesignated	<u>2,875,193</u>
Total Unrestricted	3,059,682
Temporarily restricted	34,796,568
Permanently restricted	<u>86,837,026</u>
Total Net Assets	<u>124,693,276</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 296,286,578</u>

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2015

	August 31, 2015
OPERATING REVENUES	
Tuition and Fees	\$ 399,290,978.88
Discounts and Allowances	(96,780,937.91)
Professional Fees	129,483,562.69
Discounts and Allowances	(72,872,321.42)
Auxiliary Enterprises	59,620,232.74
Sales of Goods and Services	78,247,493.62
Federal Grant Revenue	45,234,806.68
Federal Pass-Through Revenue	2,709,666.84
State Grant Revenue	3,955,204.06
State Grant Pass-Through Revenue	26,382,084.78
Other Contracts and Grants	24,397,902.80
Other Operating Revenues	553,906.02
Total Operating Revenues	\$ 600,222,579.78
OPERATING EXPENSES ⁽¹⁾	
Instruction	\$ 251,692,526.70
Research	56,829,943.05
Public Service	18,568,670.84
Academic Support	180,991,899.61
Student Services	67,672,555.53
Institutional Support	93,716,060.32
Operation and Maintenance of Plant	51,370,570.67
Scholarships and Fellowships	58,798,897.55
Auxiliary Enterprises	45,215,195.44
Depreciation and Amortization	62,507,964.37
Total Operating Expenses	\$ 887,364,284.08
Operating Loss	\$ (287,141,704.30)
NONOPERATING REVENUES (EXPENSES)	
Legislative Appropriations (GR)	\$ 188,377,894.00
Additional Appropriations (GR)	49,837,010.56
Federal Revenue	50,973,874.84
Gifts	15,818,247.42
Investment Income	7,744,080.02
Interest Expense and Fiscal Charges	(16,091,748.65)
Loss on Sale of Capital Assets	(3,935,259.98)
Net Decrease in Fair Value of Investments	(20,988,158.80)
Other Nonoperating Revenues	104,694.59
Other Nonoperating Expenses	(2,643,254.60)
Total Nonoperating Revenues (Expenses)	\$ 269,197,379.40
Loss Before Other Revenues, Expenses and Transfers	\$ (17,944,324.90)
OTHER REVENUES, (EXPENSES) AND TRANSFERS	
Capital Contributions	\$ 534,771.32
Capital Appropriations (HEAF)	36,617,741.00
Contributions To Permanent and Term Endowments	75,255.75
Transfers To Other State Agencies	(6,309,213.92)
Transfers From Other State Agencies	714,504.00
Legislative Transfers In	2,700,000.00
Legislative Appropriation Lapses	(6.38)
Total Other Revenues, Expenses and Transfers	\$ 34,333,051.77
CHANGE IN NET POSITION	\$ 16,388,726.87
Beginning Net Position	\$ 796,262,792.47
Restatement	(117,135,326.88)
Beginning Net Position, as Restated	\$ 679,127,465.59
ENDING NET POSITION	\$ 695,516,192.46

(1) See Matrix of Operating Expenses Reported by Function.

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Activities
For the Fiscal Year Ended August 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Year Ended August 31, 2015 Total
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	\$ -	\$ 3,123,354	\$ 5,397,285	\$ 8,520,639
Investment income (loss)	(49,413)	2,520,099	-	2,470,686
Management fee income	1,586,624	-	-	1,586,624
Other income	-	341,564	-	341,564
Realized and unrealized gain on market value of investments	-	(10,150,760)	9,703	(10,141,057)
Actuarial loss on annuity obligations	-	-	(253,387)	(253,387)
Increase in cash value - life insurance	-	-	47,879	47,879
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,537,211	(4,165,743)	5,201,480	2,572,948
Net assets released from restrictions	7,308,572	(7,253,277)	(55,295)	-
Transfers/changes in donor restrictions	(560,327)	(65,176)	625,503	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS/TRANSFERS	6,748,245	(7,318,453)	570,208	-
PROGRAM SERVICES:				
Internal management fee	1,112,283	-	-	1,112,283
Scholarships and awards	1,467,374	-	-	1,467,374
Expense reimbursement	5,643	-	-	5,643
Services for programs	331,911	-	-	331,911
Distributions to UNT	4,290,547	-	-	4,290,547
Grant to University President	41,110	-	-	41,110
Distributions to other Institutions	29,900	-	-	29,900
Life insurance premiums	29,804	-	-	29,804
Total Program Services	7,308,572	-	-	7,308,572
MANAGEMENT & GENERAL EXPENSES:				
Salaries and benefits	943,015	-	-	943,015
Consulting fees	72,074	-	-	72,074
Professional services	37,607	-	-	37,607
Travel	12,036	-	-	12,036
Administrative and other	214,642	-	-	214,642
Bank and credit card charges	6,460	-	-	6,460
Office and computer equipment	37,605	-	-	37,605
Insurance	19,534	-	-	19,534
Professional development and memberships	13,838	-	-	13,838
Strategic planning	7,369	-	-	7,369
Total Management & General Expenses	1,364,180	-	-	1,364,180
TOTAL PROGRAM SERVICES AND EXPENSES	8,672,752	-	-	8,672,752
CHANGE IN NET ASSETS	(387,296)	(11,484,196)	5,771,688	(6,099,804)
Net Assets, Beginning of Year	3,446,978	46,280,764	81,065,338	130,793,080
NET ASSETS END OF PERIOD	\$ 3,059,682	\$ 34,796,568	\$ 86,837,026	\$ 124,693,276

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Cash Flows
For the Year Ended August 31, 2015

	August 31,
	2015
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Customers	\$ 134,376,958.69
Proceeds from Tuition and Fees	317,732,470.90
Proceeds from Research Grants and Contracts	104,129,801.64
Proceeds from Auxiliaries	59,861,973.41
Proceeds from Other Revenues	1,092,446.46
Payments to Suppliers for Goods and Services	(220,428,598.81)
Payments to Employees	(484,810,515.97)
Payments for Loans Provided	(814,153.15)
Payments for Other Expenses	(68,049,135.98)
Net Cash Provided (Used) by Operating Activities	<hr/> \$ (156,908,752.81) <hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	\$ 177,012,186.34
Proceeds from Gifts	16,189,420.14
Proceeds from Endowments	454,687.37
Proceeds from Transfers from Other Agencies	4,634.00
Proceeds from Legislative Transfers	2,700,000.00
Proceeds from Grant Receipts	50,973,874.84
Payments for Transfers to Other Agencies	(7,161,469.72)
Payments for Transfers to Other Components	(35,411.96)
Payments for Other Uses	(2,917,991.63)
Net Cash Provided (Used) by Noncapital Financing Activities	<hr/> \$ 237,219,929.38 <hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	\$ 113,499.04
Proceeds from State Appropriations	37,275,067.19
Proceeds from Debt Issuance	104,765,000.00
Payments for Additions to Capital Assets	(121,727,357.76)
Payments of Principal on Debt Issuance	(61,280,000.00)
Payments of Other Costs of Debt Issuance	(2,616,762.64)
Payments for Capital Leases	(1,463,670.15)
Payments of Interest on Debt Issuance	(16,722,525.71)
Net Cash Provided (Used) by Capital and Related Financing Activities	<hr/> \$ (61,656,750.03) <hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Investments	\$ 3,460,372.63
Proceeds from Interest and Investment Income	7,584,466.44
Payments to Acquire Investments	(3,719,825.33)
Net Cash Provided (Used) by Investing Activities	<hr/> \$ 7,325,013.74 <hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	<hr/> \$ 25,979,440.28 <hr/>
Cash and Cash Equivalents, September 1, 2014	\$ 221,361,322.65
Cash and Cash Equivalents, August 31, 2015	<hr/> \$ 247,340,762.93 <hr/>
Cash and Cash Equivalents	\$ 229,848,495.74
Restricted Cash and Cash Equivalents	17,492,267.19
	<hr/> \$ 247,340,762.93 <hr/>

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Cash Flows
For the Year Ended August 31, 2015

	<u>August 31,</u> <u>2015</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED)	
BY OPERATING ACTIVITIES	
Operating Loss	\$ (287,141,704.30)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used)	
by Operating Activities:	
Depreciation and Amortization	62,507,964.37
Pension Expense	(415,924.17)
Employee Benefits Paid by State	61,289,520.49
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	79,815.86
(Increase) Decrease in Inventories	(234,263.77)
(Increase) Decrease in Loans and Contracts	(814,153.15)
(Increase) Decrease in Prepaid Expenses	(8,284,359.41)
Increase (Decrease) in Payables	3,181,756.39
Increase (Decrease) in Unearned Revenue	16,863,243.49
Increase (Decrease) in Other Liabilities	(3,940,648.61)
Total Adjustments	<u>\$ 130,232,951.49</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (156,908,752.81)</u>
NON-CASH TRANSACTIONS	
Net Change in Fair Value of Investments	\$ (20,988,158.80)
Donation of Capital Assets	534,771.32
Borrowing Under Capital Lease Purchase	6,186,401.44
Gain (Loss) on Sales/Disposals of Capital Assets	(3,935,259.98)
Amortization of Bond Premiums	3,705,783.39
Amortization of Deferred Outflows from Refunding Bonds	(867,143.66)
Capital Assets Acquired with Payables	20,471,110.43

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**NOTES TO THE
FINANCIAL STATEMENTS**

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

For the year ended August 31, 2015

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UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015

Note 1: Summary of Significant Accounting Policies

Introduction

The University of North Texas System (the "System") is an agency of the State of Texas (the "State") and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies and Universities and with Generally Accepted Accounting Principles ("GAAP").

The consolidated financial statements include the University of North Texas System Administration ("System Administration") and all institutions of the System. Amounts due between and among institutions, amounts held for institutions by the System Administration and other duplications in reporting are eliminated in consolidating the financial statements.

The System is composed of the System Administration and three academic institutions as follows: the University of North Texas ("UNT"), the University of North Texas Health Science Center at Fort Worth ("HSC"), and the University of North Texas at Dallas ("UNTD"). The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a nonvoting student Regent for a one-year term.

Basis of Accounting

The financial statements of the System have been prepared using the economic resources measurement focus and the full accrual basis of accounting. The System reports as a business-type activity, as defined by the Governmental Accounting Standards Board ("GASB"). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Under the full accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended. The Statement of Revenues, Expenses and Changes in Net Position is segregated into operating and nonoperating sections. Operating activities consist of transactions that are the direct result of providing goods and services to customers or directly related to the System's principal ongoing operations.

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position

Assets

Cash and Cash Equivalents

Short-term highly liquid investments that are both readily convertible to known amounts of cash and having an original maturity of three months or less are considered cash equivalents.

It is the System's policy to exclude items that meet this definition if they are part of an investment pool, which has an investment horizon of one year or greater. Therefore, highly liquid investments that are part of the Foundation-managed long-term investment pool are not considered cash and cash equivalents. Additionally, endowments invested in money market accounts are also excluded from cash and cash equivalents as the intent is to invest these funds for more than one year. Cash held in the State Treasury is considered cash and cash equivalents. Restricted cash and cash equivalents include restricted sources of funds used for construction of capital assets as well as funds held for debt service. The System holds bond proceeds in restricted investment accounts to be disbursed to its institutions to support capital projects.

**UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015**

Legislative Appropriations

The appropriation of revenues by the Texas Legislature (the “Legislature”) is in the form of general revenue. The Legislature meets every odd-numbered year and approves a two-year budget (biennial) for all State agencies. The general revenue appropriation to the System supports the instruction, research and operation of the System. Appropriations also include payments made by the State on behalf of the System for benefits related to salaries funded by state appropriations. There is no assurance that the Legislature will continue its state appropriations to the System in future years; however, the System expects that the Legislature will continue to do so. Higher Education Assistance Funds (“HEAF funds”) are general revenue appropriations received from the State designated for the acquisition of certain capital assets and capital projects. As of August 31, 2015, the unexpended amount was \$66,513,933.31.

Accounts and Other Receivables

Accounts receivable mainly consists of tuition and fee charges to students. Accounts receivable is shown net of an allowance for doubtful accounts, which is approximately \$28.4 million of the outstanding accounts receivable balance at August 31, 2015, or 6.65% on average of each year’s billings. The System has adopted a policy of reserving for account receivables based on collections history over the previous five years. Any amount outstanding after five years is reserved at 100% per state requirements.

Federal receivables include federal grants and education scholarships.

Clinical Practice receivables are presented net of allowances for contractual discounts and bad debts. The bad debt allowance on clinical receivables was approximately \$16 million as of August 31, 2015. Clinical accounts receivable are subject to concentrations of patient accounts receivable credit risk. The mix of receivables (gross) from patients and third parties as of August 31, 2015 was as follows:

	August 31, 2015 (Gross)
County Hospital	14%
Medicaid	28%
Medicare	20%
Commercial	14%
Self-Pay	14%
Other	10%
Total	100%

Gift receivables include amounts pledged to the System by donors, net of allowances. The allowance for gift pledges is approximately \$125 thousand at August 31, 2015. Multiyear gift pledges are reported at the discounted present value. At the beginning of each fiscal year, the System re-establishes the scale of discount rates applicable for present valuing multi-year gift pledges that are received during the new fiscal year.

Loans and Contracts

Current and noncurrent loans and contracts receivables, related to student loans, are shown net of allowances. The net allowance on loans and contracts at August 31, 2015 is approximately \$4.7 million.

Other Current Assets

Other current assets include prepaid scholarship expenses that pertain to the fall term of the following fiscal year and other prepaid items.

Investments

The System accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. Changes in realized gain

UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015

(loss) on the carrying value of investments are reported as a component of investment income. Restricted investments include investments restricted by legal or contractual requirements, including those related to donors and constitutional restrictions.

Capital and Intangible Assets

The System follows the State's capitalization policy, which requires capitalization of assets with an initial individual cost of more than \$5,000 for equipment items, \$100,000 for buildings, building improvements and improvements other than buildings, and \$500,000 for infrastructure items, and an estimated useful life of greater than one year. These assets are capitalized at cost or, if not purchased, at fair value as of the date of acquisition.

Purchases of library books are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Outlays for construction in progress are capitalized as incurred. Interest expense related to construction is capitalized in accordance with the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, as amended.

Depreciation is reported on all exhaustible assets. Inexhaustible assets such as land, works of art and historical treasures are not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally, 10 to 30 years for buildings and improvements, 10 to 45 years for infrastructure, 4 to 15 years for equipment, and 15 years for library books.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, as amended, requires all intangible assets not specifically excluded by scope provisions to be classified as capital assets. The System has computer software that meets the criteria. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets is applied to computer software, as applicable.

Deferred Outflows of Resources

Deferred outflows of resources relate to unamortized losses on refunding of debt and pensions.

Deferred Outflows of Resources Related to Debt Refunding

For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Outflows of Resources Related to Pensions

Certain changes in the collective net pension liability of the Teacher Retirement System of Texas Plan (the "TRS Plan") are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. The types of deferred outflows of resources related to pensions and their respective accounting treatments are discussed below.

- System contributions subsequent to the measurement date of the collective net pension liability are recognized as a reduction in the net pension liability in the following year.
- The effect on the System's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that increase the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the total pension liability of differences between expected and actual experience that increase the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015

Liabilities

Accounts and Other Payables

Accounts and other payables represent the liability for the value of assets or services received at the Statement of Net Position date for which payment is pending.

Unearned Revenue

Unearned revenue represents assets received in advance of an exchange taking place in an exchange transaction or assets received prior to eligibility requirements (other than time requirements) being met in a nonexchange transaction. Unearned revenue includes \$199 million of tuition revenue related to the semesters that have not been completed as of August 31, 2015. Tuition revenue is recognized based on the number of class days as a percentage of total class days that fall within the fiscal year.

Revenue Bonds Payable

Revenue bonds payable are reported at par value. Bond discounts and premiums are amortized over the life of the bonds using the interest method. Revenue bonds payable is reported separately as either current or non-current in the Statement of Net Position.

Claims and Judgments

Claims and judgments are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that were incurred but not reported. See Note 11, *Contingencies and Commitments*, and Note 13, *Risk Management*, for information on risk management, claims and judgments.

Employees' Compensable Leave

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements and uses of leave balances by covered employees, in conformance with state policy and practice. Liabilities are reported separately as either current or non-current in the Statement of Net Position. These obligations generally are paid from the same funding source from which each employee's salary or wage compensation is paid.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts. Liabilities are reported separately as either current or non-current in the Statement of Net Position.

Funds Held for Others

Funds held for others represent funds held by the System as custodial or fiscal agent for students, faculty members, foundations and others.

Net Pension Liability

The fiduciary net position of the TRS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the TRS Plan, and additions to/deductions from the TRS Plan's fiduciary net position have been determined on the same basis as they are reported by TRS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources relate to unamortized gains on refunding of debt and pensions.

Deferred Inflows of Resources Related to Debt Refunding

For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is

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deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Inflows of Resources Related to Pensions

Certain changes in the collective net pension liability of the TRS Plan are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. The types of deferred inflows of resources related to pensions and their respective accounting treatments are discussed below.

- Decreases in the System's proportion of the collective net pension liability are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- System contributions during the measurement period that are less than its proportionate share of total of contributions are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the collective net pension liability of more actual earnings on pension plan investments than projected is amortized as a component of pension expense using the straight-line method over a period of five years.

Net Position

Net Investment in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and unspent bond proceeds reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restricted net position primarily consists of permanent investments subject to restrictions externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Restricted nonexpendable net position is subject to externally imposed stipulations that require the amounts be maintained in perpetuity by the System. Such assets include the System's permanent endowment funds.

Restricted expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations or that expire with the passage of time.

Unrestricted Net Position

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified. Because the System is an agency of the State, constraints on the use of resources imposed by the State are not considered external restrictions.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation. Generally, the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Revenues and Expenses

Operating Revenues and Expenses

Operating revenues include activities such as net student tuition and fees; net professional fees for hospital clinical services; net sales and services by auxiliary enterprises; and most federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, professional fees and services, materials and

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supplies, depreciation and amortization, and scholarships and fellowships. In addition, all changes to incurred but not reported liabilities related to insurance programs are reflected as operating.

Professional Fees Revenue

HSC has agreements with third parties that provide for reimbursement to HSC at amounts different from its established rates. Contractual adjustments under third party reimbursement programs represent the difference between HSC's established rates for services and the amounts reimbursed by third parties. HSC's more significant third parties are the Medicare and Medicaid programs.

Medicare outpatient services are reimbursed on a prospective basis through ambulatory payment classifications, which are based on clinical resources used in performing the procedure. Medicaid outpatient services are paid based on a fee schedule or blended rates.

Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements as prescribed by the National Association of College and University Business Officers ("NACUBO"). Certain aid (student loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account and reported as revenue as if the student made the payment). All other aid is reflected in the financial statements either as operating expense or as scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. The allowance is computed on an institution-wide basis by allocating cash payments to students, excluding payments for services, using the ratio of total aid to the aid not considered to be third party aid.

Nonoperating Revenues and Expenses

Nonoperating revenues include activities such as gifts and contributions, insurance recoveries received in years subsequent to the associated loss, state appropriations, investment income and other revenue sources that are defined as nonoperating revenues by GASB. The System's institutions are the named beneficiaries in certain lawsuits, wills, trusts, and insurance policies; however, the System does not recognize these potential refunds, gifts, and contributions until realized. Nonoperating expenses include activities such as interest expense on capital asset financings and other expenses that are defined as nonoperating expenses by GASB.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The statement defines fair value, provides guidance for determining a fair value measurement, and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement will be implemented in 2016. System management has not yet completed the review, but no significant changes are expected.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, is intended to aid in decision making by improving the usefulness of information about pensions included in financial statements of state and local governments. The standard is the result of a review of all existing standards related to postemployment benefits with a focus on the effectiveness of providing useful decision-making information,

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supporting accountability, and improving transparency. This statement will be implemented in 2017. System management expects minimal impact to the financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, also has the same objective as Statement No's. 73 and 74; however, this statement specifically replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Because this statement addresses the employer's portion of OPEB, System management does anticipate a significant impact to the financial statements. The statement will be implemented in 2018. System management will await guidance from the State Comptroller's Office as to how to implement and at what agency level this will be reported.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is meant to reduce variations in reporting of state and local governments, which will improve the usefulness and comparability of financial statements. This statement identifies the hierarchy of GAAP, supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and will be implemented in 2016. System management does not expect any impact to the financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, amends the blending requirements for component units that are not-for-profit corporations, where the primary government is the sole corporate member. The statement will be implemented in 2017. The System is still evaluating whether this will apply to any component and therefore impact the financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for governments which are a beneficiary of such agreements. This statement will be implemented in 2018. The System has not yet evaluated the impact this will have to the financial statements.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement will be implemented in 2018. The System will await guidance and reporting requirements provided by the state, but minimal to no impact to the financial statements is expected.

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Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2015 is presented below:

	Balance September 1, 2014	Adjustments	Reclassification of Completed Construction In Progress	Additions	Deletions	Balance August 31, 2015
Non-Depreciable or Non-Amortizable Assets:						
Land and Land Improvements Infrastructure	\$ 72,471,338.11	\$ (457,229.63)	\$ 198,201.02	\$ 5,611,115.39	\$ -	\$ 77,823,424.89
Construction in Progress	89,416,911.70	-	(78,189,391.82)	112,461,391.65	-	123,688,911.53
Other Tangible Capital Assets	24,948,021.89	-	-	123,743.72	-	25,071,765.61
Land Use Rights	-	-	-	-	-	-
Other Intangible Capital Assets	-	-	-	-	-	-
Total Non-Depreciable or Non-Amortizable Assets:	\$ 186,836,271.70	(457,229.63)	\$ (77,991,190.80)	\$ 118,196,250.76	\$ -	\$ 226,584,102.03
Depreciable Assets:						
Buildings and Building Improvements Infrastructure	\$ 903,513,274.17	457,229.63	\$ 76,067,920.62	\$ 2,418,965.50	\$ (14,043,086.13)	\$ 968,414,303.79
Facilities and Other Improvements	64,291,450.07	-	928,066.54	-	-	65,219,516.61
Furniture and Equipment	125,838,581.01	(410,199.12)	287,602.95	89,203.58	-	125,805,188.42
Vehicles, Boats and Aircraft	135,345,406.78	(11,266.30)	707,600.69	13,127,127.97	(4,947,737.60)	144,229,026.54
Other Capital Assets	12,269,068.64	-	-	866,067.59	(533,334.88)	12,601,801.35
	91,407,942.89	11,266.30	-	5,127,638.08	(3,437,326.23)	93,109,521.04
Total Depreciable Assets:	\$ 1,332,665,723.56	47,030.51	\$ 77,991,190.80	\$ 21,629,002.72	\$ (22,961,484.84)	\$ 1,409,379,357.75
Less Accumulated Depreciation for:						
Buildings and Building Improvements Infrastructure	\$ (402,640,207.35)	(5,875,611.58)	\$ -	\$ (33,434,486.91)	\$ 11,972,477.51	\$ (429,977,828.33)
Facilities and Other Improvements	(13,817,299.48)	-	-	(2,283,820.68)	-	(16,101,120.16)
Furniture and Equipment	(20,606,370.90)	-	-	(3,716,969.25)	-	(24,323,340.15)
Vehicles, Boats and Aircraft	(93,166,609.30)	8,370.09	-	(11,614,956.71)	4,677,665.50	(100,103,425.42)
Other Capital Assets	(7,264,765.99)	-	-	(979,296.19)	470,271.85	(7,773,790.33)
	(51,881,407.43)	58,727.43	-	(4,243,754.28)	1,736,165.44	(54,330,268.84)
Total Accumulated Depreciation	\$ (589,376,660.45)	(5,808,514.06)	\$ -	\$ (56,273,284.02)	\$ 18,856,580.30	\$ (632,609,773.23)
Depreciable Assets, Net	\$ 743,289,063.11	(5,761,483.55)	\$ 77,991,190.80	\$ (34,644,281.30)	\$ (4,104,904.54)	\$ 776,769,584.52
Amortizable Assets - Intangible:						
Land Use Rights	-	-	-	-	-	-
Computer Software	\$ 22,792,786.98	-	\$ -	\$ 507,368.60	\$ (2,733,274.82)	\$ 20,566,880.76
Other Intangible Capital Assets	-	-	-	-	-	-
Total Amortizable Assets - Intangibles	\$ 22,792,786.98	-	\$ -	\$ 507,368.60	\$ (2,733,274.82)	\$ 20,566,880.76
Less Accumulated Amortization for:						
Land Use Rights	-	-	-	-	-	-
Computer Software	\$ (22,024,912.36)	-	\$ -	\$ (325,675.28)	\$ 2,733,274.82	\$ (19,617,312.82)
Other Intangible Capital Assets	-	-	-	-	-	-
Total Accumulated Amortization	\$ (22,024,912.36)	-	\$ -	\$ (325,675.28)	\$ 2,733,274.82	\$ (19,617,312.82)
Amortizable Assets - Intangibles, Net	\$ 767,874.62	-	\$ -	\$ 181,693.32	\$ -	\$ 949,567.94
Total	\$ 930,893,209.43	\$ (6,218,713.18)	\$ -	\$ 83,733,662.78	\$ (4,104,904.54)	\$ 1,004,303,254.49

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Note 3: Cash, Cash Equivalents and Investments

Deposits of Cash in Bank

As of August 31, 2015, the carrying amount of deposits was \$53,053,246.16 as presented below.

Cash In Bank- Carrying Value	\$ 53,053,246.16
Cash in Bank per Statement of Net Position	\$ 53,053,246.16
Proprietary Funds Current Assets Cash in Bank	\$ 42,997,877.66
Proprietary Funds Current Assets Restricted Cash in Bank	10,055,368.50
Cash in Bank per Statement of Net Position	\$ 53,053,246.16

The carrying amount consists of all cash in local banks and is included on the Statement of Net Position as a portion of cash and cash equivalents. Assets classified as cash and cash equivalents include \$181,200,957.17 that is invested in cash equivalents. The remainder of the cash and cash equivalents balance of \$13,086,559.60 is comprised of cash on hand, cash in transit or reimbursement from the Treasury, and cash in the State Treasury.

As of August 31, 2015, the total bank balance was \$57,667,817.69.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The System’s policy is that all deposits are governed by a bank depository agreement between the System and the respective banking institution. This agreement provides that the System’s deposits, to the extent such deposits exceed the maximum insured limit under deposit insurance provided by the Federal Deposit Insurance Corporation (the “FDIC”), shall at all times be collateralized with government securities.

As of August 31, 2015, the System had no bank balances that were exposed to custodial credit risk.

Investments

Each institution of the System adopts an endowment investment policy that must be reviewed and approved by the System Board of Regents annually. The policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, corporate asset-backed and mortgage-backed securities, equity, international obligations, international equity, certificates of deposit, banker’s acceptances, money market mutual funds, mutual funds, repurchase agreements, private equity, hedge funds, Real Estate Investment Trusts (“REITs”), derivatives, energy and real estate.

The System’s cash management objective is to retain appropriate liquidity to meet daily operating demands while seeking higher yield on cash reserves through an appropriately diversified long-term investment portfolio. The System obtained permission from the Attorney General’s office for the Board of Regents of the System to invest funds under its control that are held and managed by the System’s institutions under section 51.0031(c) of the Texas Education Code. Section 51.0031 of the Texas Education Code authorizes the System Board of Regents, subject to procedures and restrictions it establishes, to invest System funds in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent person standard described in Article VII, Section 11b, of the Texas Constitution. This standard provides that the System Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill and caution, would acquire or retain in light of the purposes, terms, distribution requirements and other circumstances of the fund then prevailing, taking into consideration the investment of all of the assets of the fund rather than a single investment. All System funds subject to Board of Regents control, System endowment funds, and HSC medical professional liability self-insurance plan funds shall be invested pursuant to a prudent person

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standard. All other System funds shall be deposited in an approved depository bank, invested pursuant to the Public Funds Investment Act in authorized investments such as FDIC insured money market funds and approved local government investment pools, or deposited in the State Treasury.

As of August 31, 2015, the fair values of investments are presented below. Included in this amount is \$181,200,957.17 classified as cash equivalents.

Investment	Fair Value
Repurchase Agreement	\$ 18,116,848.32
Fixed Income Money Market and Bond Mutual Funds	71,803,889.65
Other Commingled Funds	61,400,549.36
Other Commingled Funds (TexPool)	29,967,121.92
Externally Managed Investments – Domestic (1)	215,693,897.65
Miscellaneous (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	355,639.84
Total Investments	<u>\$ 397,337,946.74</u>

(1) Fair values of investments that are not managed by the University of North Texas Foundation are primarily based on market valuations provided by external managers.

Credit Risk – Investments

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The System utilizes ratings assigned by Standard & Poor's for this purpose. The System's investment policy does not provide specific requirements and limitations regarding investment ratings. According to the authoritative literature from the GASB, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

As of August 31, 2015, the System's credit quality distribution for securities with credit risk exposure was as follows:

Fund Type	GAAP Fund	Investment Type	Standard and Poor's		
			AAA	Unrated	Total
05	0001	Repurchase Agreement	\$ -	\$ 18,116,848.32	\$ 18,116,848.32
05	0001	Fixed Income Money Market and Bond Mutual Funds	-	71,803,889.65	71,803,889.65
05	0001	Other Commingled Funds	61,400,549.36	-	61,400,549.36
05	0001	Other Commingled Funds (TexPool)	29,967,121.92	-	29,967,121.92
05	0001	Externally Managed Investments - Domestic	-	215,693,897.65	215,693,897.65
05	0001	Miscellaneous	-	355,639.84	355,639.84
05	0001	Total	<u>\$ 91,367,671.28</u>	<u>\$ 305,970,275.46</u>	<u>\$ 397,337,946.74</u>

Concentration of Credit Risk

As of August 31, 2015, the System did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the System's fixed income investments. The System's investment regulation does not provide specific requirements and limitations regarding concentration of credit.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. State statutes and the System's investment regulation does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of August 31, 2015, the System did not have investments that are exposed to custodial credit risk.

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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of August 31, 2015, the System investments subject to interest rate risk – commingled funds, repurchase agreements, fixed income money market and bond mutual funds – have an average maturity of less than one year. The System is also exposed to certain redemption risks pertaining to its investments in the Foundation-managed long-term investment pool. See the “Alternative Investments” discussion below for information regarding those redemption risks.

Foreign Currency Risk

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. As of August 31, 2015, the System’s investments were all denominated in U.S. dollars. The System’s investment policy does not provide specific requirements and limitations regarding investments in foreign currency.

Internal Investment Pool

Certain investments of the System are managed by the Foundation in its internal long-term investment pool (the “Pool”). The Pool is invested with external investment managers who invest in equity and fixed income funds both domestic and international. The Foundation’s investment policy allows for the asset allocation to be maintained within the following tactical ranges: 50-70% growth assets (U.S. and international equities), 20-40% risk reduction assets (U.S. and global fixed income funds and cash), and 5-15% inflation protection assets (real assets). The Foundation’s investment committee is responsible for monitoring and rebalancing to the strategic target allocation ranges, and within the tactical ranges, has discretionary authority for setting, monitoring, and making reallocations to the portfolio’s specific underlying assets. Complete audited financial statements of the Foundation can be obtained from <https://endow.unt.edu/>.

As of August 31, 2015, total investments in the Pool, including the System portion, consisted of the following investment types:

Investment	Fair Value
Common Stock	\$ 12,143,419.46
Equity Mutual Funds	140,796,352.20
Alternative Investments	48,054,199.53
Fixed Income Money Market and Bond Mutual Funds	57,480,133.81
Total Investments	\$ 258,474,105.00

The System’s unitized portion of the Pool’s investments as of August 31, 2015 is \$165,100,031.84.

As of August 31, 2015, the System’s investments in the Pool consisted of the following investment types:

Common Stock

Common stocks are units of ownership in publicly-held corporations. Shareholders typically have rights to vote and to receive dividends. Claims of common stock holders are subordinate to claims of creditors, bond holders, and preferred stock holders.

Equity Mutual Funds

Equity and stock mutual funds are mutual funds that invest primarily in stocks, although at times they might hold some fixed-income and money market securities.

Alternative Investments

Alternative investments consist of hedge funds, real estate, private equity, and other pooled funds that are not registered with the Securities and Exchange Commission (the “SEC”).

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Fixed Income and Bond Mutual Funds

Fixed income and bond mutual funds are mutual funds that, by policy, invest in the fixed-income sector.

Fixed Income Money Market Mutual Funds

Money market mutual funds are open-end mutual funds registered with the SEC that must comply with the SEC's "Rule 2a-7," which imposes certain restrictions, such as a requirement that the fund's board must attempt to maintain a stable net asset value per share or stable price per share, limits on the maximum maturity of any individual security in the fund's portfolio, and limits on the maximum weighted-average portfolio maturity and life. Money market funds typically attempt to maintain a net asset value or price of \$1.00 per share.

The Pool's investments are not rated by Standard & Poor's. As of August 31, 2015, the Pool did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the Pool's investments. The Pool did not have investments exposed to custodial credit risk. The Pool's investments subject to interest rate risk – commingled funds and fixed income money market and bond mutual funds – have an average maturity of less than one year.

Note 4: Short-Term Debt

Commercial Paper

According to the Master Resolution establishing the UNT System Revenue Financing System Commercial Paper Program, the issuance of commercial paper notes may not exceed, in aggregate, the principal amount of \$100,000,000 of which \$25,000,000 may be used as taxable notes. Outstanding commercial paper proceeds may be used for the purpose of financing project costs of eligible projects and to refinance, renew or refund commercial paper notes, prior encumbered obligations, and parity obligations, including interest. Commercial paper notes may not be issued to refinance or refund prior encumbered obligations or parity bonds without the approval of the Board of Regents. Commercial paper activity for the System for the year ended August 31, 2015 is as follows:

	September 1, 2014	Additions	Reductions	Other Adjustments (1)	August 31, 2015
Commercial Paper	\$ 76,067,000.00	\$ -	\$ -	\$(74,260,000.00)	\$ 1,807,000.00

(1) This amount was reclassified to long-term liabilities.

The outstanding balance of commercial paper at August 31, 2015 was \$76,067,000. In September 2015, the System refunded \$74,260,000 of commercial paper into long-term bonds. See Note 12, *Subsequent Events*, for more information on this refunding. As a result of the refunding, the System considers \$74,260,000 of the commercial paper balance to be long-term debt as of August 31, 2015, and the remaining balance of \$1,807,000 to be short-term debt. Interest rates range from .05% to .30% with an average interest rate of .22% for the outstanding issues. Interest rates are determined by the investor and broker in the arrangement, where the investor dictates the maturity. Average commercial paper maturity during the year ended August 31, 2015 was approximately 31 days. The System will provide liquidity support for \$100,000,000 in commercial paper notes by utilizing available funds of the System in lieu of or in addition to bank liquidity support. The maximum maturity for commercial paper is 270 days. In practice, the System rolls, pays off, and/or issues new commercial paper at each maturity. Commercial paper will continue to be used as interim funding until long-term bonds are approved and issued or gifts are received to retire the commercial paper debt.

The System adheres to the requirements of the Federal Securities Act of 1933, which precludes proceeds from commercial paper issues to be used for financing fixed assets, such as plant and equipment, on a permanent basis. The System, working with bond counsel and its financial advisor, routinely determines alternative long-term funding to ensure that commercial paper is used as interim financing only and will be paid off after completion of construction or equipment acquisition.

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Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended August 31, 2015:

	September 1, 2014	Additions	Reductions	Other Adjustments (1)	August 31, 2015	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable:							
Revenue Bonds Payable	\$ 391,915,000.00	\$ 38,265,000.00	\$ 61,280,000.00	\$ -	\$ 368,900,000.00	\$ 24,010,000.00	\$ 344,890,000.00
Unamortized Net Premiums	24,197,732.82	-	3,705,783.39	-	20,491,949.43	2,599,803.59	17,892,145.84
Total Bonds Payable	416,112,732.82	38,265,000.00	64,985,783.39	-	389,391,949.43	26,609,803.59	362,782,145.84
Loans Payable							
Loans Payable	15,000,000.00	66,500,000.00	-	74,260,000.00	155,760,000.00	3,475,000.00	152,285,000.00
Capital Lease Obligations	178,467.93	6,186,401.44	1,463,670.15	-	4,901,199.22	1,179,712.18	3,721,487.04
Claims and Judgments	5,845,946.84	3,578,232.00	5,845,946.84	-	3,578,232.00	2,760,768.00	817,464.00
Net Pension Liability	-	117,135,326.88	13,729,508.69	-	103,405,818.19	-	103,405,818.19
Compensable Leave	22,722,323.12	5,917,842.94	2,499,129.25	-	26,141,036.81	4,199,443.80	21,941,593.01
Total Long-Term Liabilities	\$ 459,859,470.71	\$ 237,582,803.26	\$ 88,524,038.32	\$ 74,260,000.00	\$ 683,178,235.65	\$ 38,224,727.57	\$ 644,953,508.08

(1) This amount was reclassified from short-term liabilities.

(2) Other Non-Current Liabilities of \$1,361.47 (see Statement of Net Position) are not included in the table above.

Revenue Bonds Payable

Scheduled principal and interest payments for revenue bonds issued and outstanding as of August 31, 2015 are as follows:

Year	Principal	Interest	Total
2016	\$ 24,010,000.00	\$ 16,723,212.20	\$ 40,733,212.20
2017	24,910,000.00	15,796,747.50	40,706,747.50
2018	23,560,000.00	14,873,925.00	38,433,925.00
2019	24,510,000.00	13,930,532.50	38,440,532.50
2020	22,685,000.00	12,948,357.50	35,633,357.50
2021-2025	101,870,000.00	49,407,290.00	151,277,290.00
2026-2030	71,345,000.00	28,645,237.50	99,990,237.50
2031-2035	47,145,000.00	13,605,285.00	60,750,285.00
2036-2040	28,865,000.00	4,093,875.00	32,958,875.00
Total	\$368,900,000.00	\$170,024,462.20	\$538,924,462.20

Total interest and fiscal charges incurred for the year ended August 31, 2015 was \$19,024,903.53. Of this total, the System capitalized \$583,722.31 associated with financing capital projects during the construction phase. In addition, the System recorded \$2,349,432.57 as a reduction to this balance relating to the amortization of premiums and deferred outflows of resources resulting from losses on bond refundings. The remaining amount of \$16,091,748.65 was reported as interest expense and fiscal charges for the year ended August 31, 2015.

Notes and Loans Payable

On June 18, 2014, the System entered into a Private Placement Bond Purchase Agreement (the "Bond Purchase Agreement") with J.P. Morgan for installment deliveries of bonds ("Authorized Installments") up to \$120 million that matures in 2016. Draw requests are submitted to the bond purchaser and the System's bond counsel, and the bond purchaser's obligation to purchase each Authorized Installment is conditioned upon fulfillment of specified conditions, which include that all of the opinions, letters, certificates, instruments and other documents described in the Bond Purchase Agreement are deemed to be in compliance with the provisions set forth therein and that they are in form and substance satisfactory to the bond purchaser and bond counsel. Such provisions include the requirement for the System to maintain a debt-to-capitalization ratio of sixty percent (60%) or less.

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As of August 31, 2015, the System had arranged for \$81.5 million in Authorized Installment deliveries and made total interest payments of \$263,793.56. The bonds are secured by the System's pledged revenues. Principal is not due until maturity on June 30, 2016. Interest is at a variable rate and is calculated using a formula rate of 67% of the one month London Interbank Offered Rate ("LIBOR") on the reset date plus .48%. The variable interest rate at August 31, 2015 was .6063%. Interest is reset monthly. In September 2015, the System refunded the entire outstanding amount into long-term bonds. See Note 12, *Subsequent Events* for more information on this refunding.

Capital Lease Obligations

See Note 7, *Leases*, for more information on capital lease obligations.

Claims and Judgments

As of August 31, 2015, there was one outstanding material claim for which a liability accrual has been recognized. According to authoritative GASB guidance, liabilities should be recognized when the possibility of loss is probable and the amount of loss is reasonably estimable. See Note 11, *Contingencies and Commitments*, for more information on the claims and judgments against the System.

Net Pension Liability

The net pension liability addition relates to the 2015 restatement for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended. Refer to Notes 1, 8 and 10.

Employees' Compensable Leave

According to the Texas Human Resources Management Statutes Inventory provided by the State Auditor's Office, state agency employees who have accrued six months of continuous state employment are entitled to be paid for the accrued balance of the employee's vacation leave as of the date of separation if the employee is not reemployed by a state agency or institution of higher education in a position which accrues vacation leave during the 30-day period immediately following the date of separation from state employment. Substantially all full-time System employees earn between eight and twenty-one hours of annual leave per month depending upon the respective employee's years of state employment. State law permits employees to carry accrued leave forward from one fiscal year to another, up to a maximum of 532 hours for those employees with 35 or more years of state service. Eligible part-time employees' annual leave accrual rate and maximum carryover are proportional to the number of hours appointed to work. Employees with at least six months of continuous State service who terminate their employment are entitled to payment for all accumulated annual leave. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to personal or family illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated sick leave or 336 hours, whichever is less. Eligible part-time employees' sick leave accrual rate is proportional to the number of hours they are appointed to work. This obligation is generally paid from the same funding source as the employee's salary or wage compensation is paid. An expense and a liability are recorded as the benefits accrue to employees, and the liability is reduced as the accrued leave is taken. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Note 6: Bonded Indebtedness

At August 31, 2015, the System had principal outstanding related to revenue bonds of \$368,900,000. Revenue Financing System ("RFS") debt is secured by and payable from pledged revenues as defined in the Master Resolution establishing the RFS. Pledged revenues consist of all lawfully available revenues, funds and balances, with certain exceptions, pledged to secure revenue-supported indebtedness issued under the Master Resolution as set forth by the State.

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General information related to revenue bonds outstanding as of August 31, 2015, is summarized in the following table:

Bond	Purpose	Issue Date	Interest Rate	Amount Issued	Total Principal Outstanding as of 8/31/15
RFS Bonds, Series 2007	To provide funds for the purposes of refunding a portion of the Board's outstanding commercial paper notes, for constructing and equipping two residence halls, for paying a portion of accrued interest, and for paying certain costs of bond issuance	1/1/2007	4.0000% - 5.0000%	\$ 56,050,000.00	\$ 46,960,000.00
RFS Bonds, Series 2009	To provide funds for the purposes of refunding a portion (\$18.175 million par value) of the Board's outstanding commercial paper notes; constructing and equipping a Public Health Education Building; paying a portion of the interest accruing on the bonds; and paying certain costs of issuing the bonds	2/19/2009	3.0000% - 5.2500%	38,650,000.00	27,050,000.00
RFS Bonds, Series 2009A	To provide funds for the purposes of constructing and equipping the Business Leadership Building, for constructing and equipping Apogee Stadium, for paying a portion of accrued interest and for paying certain costs of bond issuance	12/2/2009	3.0000% - 5.0000%	159,310,000.00	134,425,000.00
RFS Refunding Bonds, Series 2009B	To provide funds for the purposes of refunding outstanding Consolidated University Revenue Bonds Series 1994, Revenue Financing System Bonds Series 1999A, and Revenue Financing System Bonds Series 2001 and for paying costs of bond issuance	12/2/2009	3.0000% - 4.7500%	15,800,000.00	8,880,000.00
RFS Refunding Bonds, Series 2010	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2001, Revenue Financing System Bonds Series 2002, and Revenue Financing System Bonds Series 2002A	7/23/2010	3.0000% - 5.0000%	57,625,000.00	43,190,000.00
RFS Refunding and Improvement Bonds, Series 2012A	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003A, for refunding a portion of the Board's outstanding commercial paper notes and for purchasing, constructing, improving, renovating, enlarging, and equipping property, buildings, structures, facilities, roads, or infrastructure related to the UNT ESCO project and the Woodhill Square acquisition	6/1/2012	2.0000% - 5.0000%	75,890,000.00	65,720,000.00
RFS Refunding Bonds, Taxable Series 2012B	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003B	6/1/2012	0.5500% - 3.2000%	4,820,000.00	4,410,000.00
RFS Refunding Bonds, Series 2015	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003A, Revenue Financing System Bonds Series 2005, and for paying costs of bond issuance	4/30/2015	1.9500% - 1.9500%	38,265,000.00	38,265,000.00
Total				\$446,410,000.00	\$ 368,900,000.00

Early Extinguishments in 2015

RFS Refunding Bonds, Series 2015 were issued on April 30, 2015 to current refund the RFS Refunding Bonds, Series 2003A principal amount of \$4,375,000, the RFS Refunding and Improvement Bonds, Series 2005 principal amount of \$33,510,000, and to pay the related costs of issuance.

- The Series 2015 Bonds were issued at par with a face value of \$38,265,000. The proceeds were used to pay the costs of issuance of \$125,496.42 and to deposit \$38,131,175.07 in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.
- The refunded bonds are considered fully defeased and are no longer outstanding, and the liability for these bonds has been removed from the Statement of Net Position.
- An economic gain from the transaction resulted in a net present value savings of \$4,387,934.75 between the old and new debt service payments.
- An accounting loss of \$135,442.86 resulted from the transaction, as the reacquisition price of \$38,131,175.07 exceeded the net carrying amount of \$37,995,732.21 on the refunded bonds. The carrying value on the refunded debt consisted of \$37,885,000 par value, \$80,274.49 accrued interest, \$791,086.06 unamortized premiums, less \$760,628.34 unamortized deferred losses.

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Funds Available for Debt Service

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, as amended, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing) on the other.

Total pledged revenues consist of available pledged revenues, which include the gross revenues of the RFS, the Student Union Fee, pledged general tuition (which includes general use fees), investment income, and funds on deposit in the Interest and Sinking Fund and the Reserve Fund. In addition to current year pledged revenues, any unappropriated or reserve fund balances remaining at year-end are available for payment of the subsequent year debt service. System HEAF reserves and Health and Loan Reserves at HSC cannot be included in total pledged revenues. The following table provides the pledged revenue information for the System's revenue bonds:

Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 538,924,462.20
Term of Commitment Year Ending 8/31	2040
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	\$ 744,097,458.40
Current Year Principal and Interest Paid	\$ 42,416,270.00

Note 7: Leases

Operating Leases

The System has entered into various operating leases for buildings, equipment, vehicles and land. Rental expenses for operating leases were \$3,649,048.20 in 2015. The lease terms typically range from 12 to 60 months, where some lease terms contain optional renewals. Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2015 were as follows:

<u>Year</u>	<u>Lease Payments</u>
2016	\$ 2,881,092.46
2017	1,590,192.36
2018	1,052,843.88
2019	548,875.05
2020	352,193.26
2021 and beyond	1,789,613.10
Total Minimum Lease Payments	\$ 8,214,810.11

The System has also leased buildings, and other capital assets to outside parties under various operating leases. The cost, carrying value and accumulated depreciation of these leased assets as of August 31, 2015 were as follows:

<u>Assets Leased</u>	<u>2015</u>
Buildings:	
Cost	\$ 10,736,710.54
Less: Accumulated Depreciation	<u>(2,688,127.05)</u>
Carrying Value	<u>8,048,583.49</u>
Parking Garage:	
Cost	10,655,156.80
Less: Accumulated Depreciation	<u>(5,223,149.54)</u>
Carrying Value	<u>5,432,007.26</u>
Total Carrying Value	\$ 13,480,590.75

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There were no contingent rentals for the period ended August 31, 2015. Future minimum lease income under non-cancelable operating leases as of August 31, 2015, was as follows:

<u>Year</u>	<u>Lease Income</u>
2016	\$ 248,571.10
2017	175,933.52
2018	128,861.00
2019	73,187.26
2020	15,580.00
2021 and beyond	15,580.00
Total Minimum Lease Income	<u>\$ 657,712.88</u>

Capital Leases

Leases that are purchases in substance are reported as capital lease obligations. The System has entered into long-term leases for financing the purchase of certain capital assets where lease terms contain bargain purchase options. Such leases are classified as capital leases for accounting purposes, and the asset and liability are recorded at the present value of the future minimum lease payments at the inception of the lease. Amortization of the leased assets is included in depreciation expense. A summary of original capitalized costs and accumulated depreciation of all assets under capital lease as of August 31, 2015, is presented below:

<u>Assets Under Capital Lease</u>	<u>August 31, 2015</u>
Equipment:	
Cost	\$ 6,653,349.24
Less: Accumulated Depreciation	<u>(1,215,359.20)</u>
Carrying Value	<u>5,437,990.04</u>
Vehicles:	
Cost	111,031.30
Less: Accumulated Depreciation	<u>(7,402.00)</u>
Carrying Value	<u>103,629.30</u>
Total Carrying Value	<u>\$ 5,541,619.34</u>

Capital lease obligations are due in monthly, quarterly or annual installments through 2020. Future minimum lease payments for assets under capital lease at August 31, 2015 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,179,712.18	\$ 247,844.58
2017	1,175,973.87	185,900.89
2018	1,234,969.00	126,905.76
2019	1,296,850.27	65,024.49
2020	<u>13,693.90</u>	<u>220.34</u>
Total Minimum Lease Payments	<u>\$4,901,199.22</u>	<u>\$625,896.06</u>

Note 8: Pension Plans & Employee Retirement System

Teacher Retirement System

Plan Description

The State has joint contributory retirement plans for the majority of its employees. One of the primary plans in which the System participates is the Teacher Retirement System of Texas ("TRS") Plan (the "TRS Plan"). The TRS Plan is a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by TRS. The TRS Plan is established and administered in accordance with the Texas Constitution, Article 16, Section 67 and

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Texas Government Code, Title 8, Subtitle C. The TRS Plan is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Legislature has the authority to establish and amend benefits and contribution rates within the guidelines of the Texas Constitution. The TRS Plan's Board of Trustees does not have the authority to establish or amend benefit terms.

The employers in the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS Plan.

Detailed information about the TRS Plan's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic post-employment benefit changes, including automatic cost of living adjustments ("COLAs"). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Legislature.

All System personnel employed in a TRS-eligible position on a half time or greater basis that is projected to last for 4½ months or more are eligible for membership in the TRS Plan. However, students employed in positions that require student status as a condition of employment do not participate. Members with at least five years of service have a vested right to unreduced retirement benefits at age 65 or provided they have a combination of age plus years of service totaling 80 or more. However, members who began participation in the TRS Plan on or after September 1, 2007 must be age 60 to retire and members who were not vested in the TRS Plan on August 31, 2014, must be age 62 to retire under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution, which requires the Legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation paid to members of the System during the year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contributions by employees were 6.7% of gross earnings for 2015. Depending upon the source of funding for the employee's compensation, the State or the System contributes a percentage of participant salaries totaling 6.8% of annual compensation for 2015.

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The System's contributions to TRS for the year ended August 31, 2015, were as follows:

TRS Participation		
Member Contributions	\$	15,780,905.34
State On-Behalf Contributions	\$	6,041,528.95
Employer Contributions		9,975,054.31
Total	\$	31,797,488.60

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At August 31, 2015, the System reported a liability of \$103,405,818.19 for its proportionate share of the collective net pension liability of the TRS Plan. The collective net pension liability was measured as of August 31, 2014 (the "measurement date"), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the collective net pension liability at the measurement date was 0.3870437%. The System's proportionate share was based on its contributions to the pension plan, excluding State on-behalf contributions, relative to the contributions of all employers and non-employer contributing entities to the TRS Plan for the period September 1, 2013 through August 31, 2014 (the "measurement period"). During the measurement period, the amount of the System's contributions recognized by the TRS Plan, including State on-behalf contributions, was \$13,508,261.87. The State recognized \$40,082,328.32 for its proportionate share of the net pension liability related to its contributions to TRS on behalf of the System. The State's proportionate share for those contributions was 0.1500265%.

For the year ended August 31, 2015, the System recognized pension expense of \$9,559,130.10. At August 31, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 9,975,054.31	\$ -
Changes of assumptions	6,720,122.05	-
Difference between expected and actual experience	1,598,878.21	-
Change in proportion and contribution difference	-	9,045.38
Net difference between projected and actual investment return	-	31,598,593.71
Total	\$ 18,294,054.57	\$ 31,607,639.09

The \$9,975,054.31 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Expense
2016	\$ (6,500,807.43)
2017	(6,500,807.43)
2018	(6,500,807.43)
2019	(6,500,807.43)
2020	1,398,841.00
Thereafter	1,315,749.89
Total	\$ (23,288,638.83)

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Actuarial Assumptions

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2014 measurement date:

Actuarial Methods and Assumptions	<u>TRS Plan</u>
Actuarial Valuation Date	August 31, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Open
Actuarial Assumptions:	
Discount Rate	8.0%
Investment Rate of Return	8.0%
Inflation	3.00%
Salary Increase	4.25% to 7.25% including inflation
Mortality:	
Active	1994 Group Annuity Mortality Table set back 6 years for males and females
Post-Retirement	Client specific tables multiplied by 80%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the methods and assumptions are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees have decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of geometric real rates of return for each major asset class for the TRS Plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity		
U.S.	18.0%	4.6%
Non-U.S. Developed	13.0%	5.1%
Emerging Markets	9.0%	5.9%
Directional Hedge Funds	4.0%	3.2%
Private Equity	13.0%	7.0%
Stable Value		
U.S. Treasury	11.0%	0.7%
Absolute Return	0.0%	1.8%
Stable Value Hedge Funds	4.0%	3.0%
Cash	1.0%	-0.2%
Real Return		
Global Inflation Linked Bonds	3.0%	0.9%
Real Assets	16.0%	5.1%
Energy and Natural Resources	3.0%	6.6%
Commodities	0.0%	1.2%
Risk Parity		
Risk Parity	5.0%	6.7%
Total	100.0%	

There have been no changes to the benefit and contribution provisions of the TRS Plan since the prior measurement date. The discount rate used to measure the total net pension liability was 8.0%. There has been no change in the discount rate since the measurement period. The projected cash flows into and out of the TRS Plan assumed that members, employers, and non-employer contributing entities make their contributions at the statutorily required rates. Under this assumption, the TRS Plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current active and inactive plan members. Therefore, the 8.0% long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 8.0%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate:

1.0% Decrease (7.0%)	Current Discount Rate (8.0%)	1.0% Increase (9.0%)
\$ 184,763,328.67	\$ 103,405,818.19	\$ 42,565,553.33

Optional Retirement Program

The State has also established the Optional Retirement Program (the "ORP"), a defined contribution plan, for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS Plan and is available to certain eligible employees who hold faculty positions and other professional positions including but not limited to director-level and above, librarians and coaches. The ORP provides for the purchase of annuity contracts and mutual funds and is administered by a variety of investment firms. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the employer contributions after one year and one day of service.

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The employee and employer contribution rates are established by the Legislature each biennium. Depending upon the source of funding for the employee's compensation, the System may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and the System have no additional or unfunded liability for this program. The State provides an option for a local supplement in addition to the state base rate. Each institution within the System can decide to adopt and fund a local supplement each year to provide each ORP employee the maximum employer rate. The chancellor then approves the employer rates each fiscal year. The contributions made by participants (6.65% of annual compensation) and the employer (6.60% state base rate for 2015 plus any local supplement for a maximum 8.50% of annual compensation) for the year ended August 31, 2015, is provided in the following table:

ORP Participation	
Member Contributions	\$ 9,382,385.11
Employer Contributions	10,101,785.18
Total	\$ 19,484,170.29

Employee Retirement System

The Employee Retirement System (ERS) provides healthcare and survivor benefits for both active and retired employees. The Board of Trustees of the Employees Retirement System of Texas is the administrator of the ERS, which is considered to be a single employer defined benefit healthcare plan. UNTS employees that work at least 20 hours but less than 35 hours per week are eligible for partial health benefits under ERS. UNTS employees that work 35 or more hours are eligible for full health benefits under ERS. Benefits vest after five years of credited service. Employees may retire at age 65 with 10 years of service or any combination of age plus 10 years of service that is equal to or greater than 80.

The premium provisions are determined by the Texas Legislature and require monthly contributions by the State, UNTS and UNTS employees. Contributions to ERS for the year ended August 31, 2015 was as follows:

ERS Participation	
Member Contributions	\$ 19,067,918.77
State On-Behalf Contributions	29,606,826.00
Employer Contributions	26,386,624.96
Total	\$ 75,061,369.73

Additional information can be obtained from the separately issued ERS *Comprehensive Annual Financial Report* at <http://www.ers.state.tx.us/home.aspx>.

Note 9: Interagency Activity and Transactions

The System experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interagency balances will occur within one year from the date of the financial statement. There were no balances in interagency receivable and payable at August 31, 2015.

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Note 10: Adjustments to Net Position

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, was effective for the System in 2015. The implementation of Statements No. 68, as amended and 71 resulted in a restatement of beginning net position for fiscal year 2015, as follows:

	Total
Net Position at August 31, 2014 as Previously Reported	\$ 796,262,792.47
Adjustments due to implementation of GASB 68 and 71 (1)	(117,135,326.88)
Total Restatement	(117,135,326.88)
Net Position at August 31, 2014 as Restated	\$ 679,127,465.59

(1) Includes recognition of deferred outflows of resources related to pensions of \$9,812,632.74 and recognition of net pension liability of \$126,947,959.62, as of August 31, 2014.

Note 11: Contingencies and Commitments

The System is involved in several pending and threatened legal actions. Unless otherwise disclosed in this note, the range of potential loss from all such claims and actions, as estimated by the System’s legal counsel and management, should not materially affect the System’s financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by such agencies, principally the U.S. government. Any disallowed claims may constitute a liability of the System. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the System expects any such amounts to be immaterial.

Contingencies

Medicaid Texas Health Steps Program

UNT System Office of General Counsel conducted a healthcare compliance investigation related to reimbursement received by HSC from the Texas Health Steps Medicaid program. The investigation covered whether medical record documentation was sufficient to support billing for professional fees in connection with the immunization program. In December of 2015, HSC voluntarily refunded \$1,910,248 to the Medicaid program. In July of 2016, HSC voluntarily refunded an additional \$1,022,072 to the Medicaid program. UNT System Office of General Counsel’s compliance investigation of this matter is complete.

Upper Payment Limits Audit

The U.S. Department of Health and Human Services, Office of Inspector General (the “OIG”) conducted an audit of the Texas Upper Payment Limits (“UPL”) program and the methodology Texas Health and Human Services Commission (“Texas HHSC”) used for calculating reimbursements to Texas medical schools’ clinical practices under the UPL program. In completing this audit, the OIG recommended to the federal Centers for Medicare and Medicaid Services (the “CMS”) that HSC refund a federal share of UPL payments in the total amount of \$746,461. This amount is attributable to two separate issues: (1) billing for which OIG did not have documentation of the providers’ eligibility; and (2) the methodology used to calculate reimbursements to HSC under the UPL program. Texas HHSC and HSC have responded to each of these issues as explained below.

As part of its response to the OIG audit, the Texas HHSC, with HSC’s concurrence, agreed that any fees paid for services performed by ineligible providers should be refunded and the Texas HHSC and HSC will work together to determine what amounts are attributable to eligible providers or to ineligible providers. The CMS accepted the OIG’s determination of amount attributable to ineligible providers, and Texas HHSC requested that HSC refund the overpayment amount of \$261,738. This amount was refunded and accrued as a liability by HSC in 2014.

UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015

As part of its response to the OIG audit, the Texas HHSC, with HSC's concurrence, disagreed with the OIG finding related to methodology and asserted that reimbursements were calculated in accordance with the methodology approved by CMS at the time the billing was submitted. Texas HHSC worked with the OIG and CMS to resolve the methodology issue, and in November 2015 Texas HHSC requested that HSC refund a federal share of \$484,723. This amount was refunded by HSC in December 2015.

Commitments

The System continues to implement capital improvements to upgrade facilities. Approximately \$297.9 million in capital commitments have been entered into for the construction and renovation of various facilities. These projects are in various stages of completion and primarily consist of new buildings or renovations to existing buildings, including the Interdisciplinary Research Building at HSC, the College of Visual Arts and Design at UNT, and the Student Union at UNT.

Note 12: Subsequent Events

Short and Long-Term Debt

On September 2, 2015, the System drew an additional \$15 million under the Bond Purchase Agreement. On September 30, 2015, the System issued the \$105,130,000 RFS Refunding and Improvement Bonds, Series 2015A and the \$73,035,000 RFS Refunding Bonds, Taxable Series 2015B. Proceeds from the debt were used to refund the outstanding balance of the Series 2014 Bond Purchase Agreement, refund outstanding commercial paper, and fund construction and renovation of the Student Union building and Rawlins Hall. See Note 4, *Short-Term Debt* and Note 5, *Long-Term Liabilities*, for more information about the Bond Purchase Agreement. In addition, on October 6, 2015, the Board of Regents approved the issuance of the \$45,865,000 RFS Refunding Bonds, Series 2015C. On March 1, 2016 the System closed on the Series 2015C Refunding Bonds. The proceeds refunded the Series 2007 Bonds. On June 6, 2016 the System made a cash defeasance of \$4,535,000 of certain maturities of the Series 2012A Bonds. On May 20, 2016 the System entered into a Purchase Agreement with JPMorgan to forward refund certain maturities of the Series 2009 Bonds. For more information on the redeemed maturities for the Series 2009 and 2012A Bonds, see the System's continuing disclosures filed on June 7, 2016 through the Electronic Municipal Market Access ("EMMA") website.

Contingencies

Construction Manager-at-Risk Agreement

In March 2013, UNT System entered into a Construction Manager-at-Risk Agreement with Beck Warrior, under which Beck Warrior was to perform pre-construction and construction management services for the UNT Student Union renovation and expansion project. Beck Warrior was to achieve substantial completion of the Union by August 20, 2015; however, substantial completion was not achieved until November 5, 2015. Beck Warrior has submitted, to date, eleven claim letters against UNT System pursuant to Chapter 2260, Texas Government Code. Incurrence of a loss is reasonably possible. The amount of loss for UNT System is within a range of \$0 to \$6,633,591, plus interest, and no best estimate of loss within this range can be determined at this time.

UNT Foundation

A significant pledge made to the University of North Texas Foundation in 2011 stated terms that the pledge was to be paid in full by December 31, 2015. The pledge was recorded as a receivable and included at its estimated net realizable value of \$16.2 million in the FY15 University of North Texas Foundation, Inc. audited financial report issued on February 22, 2016. The pledge payment was not received by December 31, 2015, nor by a subsequent payment renewal date of March 31, 2016. As the ultimate timing and realization of the pledge are no longer reasonably estimable, the Foundation has taken steps in FY16 to systematically reduce the receivable to zero by the close of its current fiscal year, unless new information or events dictate otherwise.

**UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015**

Note 13: Risk Management

The System is exposed to a variety of civil claims resulting from the performance of its duties. It is System policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The System assumes substantially all risks associated with torts, theft, damage or destruction of assets, business interruption, errors or omissions, and job-related illness or injuries to employees arising out of the performance of the System’s mission. Financial risks are transferred through contracts, or financed through commercial insurance or self-insurance plans. Financial exposure from lawsuits for damages and injunctive relief arising from torts and contracts is mitigated by the function of sovereign, Eleventh Amendment and individual immunities and statutory limits on the amount of recovery. In addition, state law limits financial exposure for state law claims made against individual employees and officials. Currently the System does not carry System-wide commercial general liability insurance for any of the institutions; commercial general liability policies are purchased on an as needed basis to address unique exposures. The System is not involved in any risk pools with other government entities.

Liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The System has various insurance and self-insurance arrangements to manage risks of loss that are within the scope of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended. There are no claims pending or significant non-accrued liabilities, except as stated in Note 11, *Contingencies and Commitments*. The System did not have any losses or settlements that exceeded insurance policy limits within the last three years.

Self-Insurance Arrangements

Medical Professional Liability Self-Insurance Plan

HSC manages a medical malpractice self-insurance plan for its physicians. As of August 31, 2015, HSC had sufficient self-insurance reserves for known claims against its health care professionals. Medical professional liability coverage is purchased for allied health care professionals and medical students with entity coverage, which provides a maximum per incident of \$1,000,000 and an aggregate limit of \$3,000,000 with no deductible.

The following contingencies and Incurred But Not Reported (“IBNR”) activity was determined for the year ended August 31, 2015:

	<u>August 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>August 31, 2015</u>
Incurred But Not Reported Self-Insurance Claims (HSC) (1)	\$ 918,046.00	867,786.00	117,848.00	\$ 1,667,984.00

- (1) The estimated claims payable for medical malpractice IBNR includes estimates of allocated loss adjustment expenses. IBNR is included in Current and Non-current Claims and Judgements on the Statement of Net Position.

Student-Athlete Accident Medical Self-Insurance Plan

The National Collegiate Athletic Association (the “NCAA”) requires its member institutions to certify coverage for medical expenses resulting from injuries sustained by student-athletes and certain prospective student-athletes while participating in qualifying NCAA-sanctioned activities. UNT finances this plan to an actuarially determined attachment point and purchases commercial insurance for claims in excess of the attachment point. The attachment point for 2015 was \$320,000. For the year ended August 31, 2015, claims paid out were not material.

UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015

Incurred But Not Reported Self-Insurance Claims

The System self-insures some physical injury and property damage claims that are not financed through commercial insurance, or are below the retention amounts for claims covered by commercial insurance. The System, as an agency of the State, is protected from risk of loss arising from these tort claims by sovereign immunity, except as such claims are permitted under the Texas Tort Claims Act. In addition to limiting the type of personal injury and damage claims that can be brought against the System, the Texas Tort Claims Act limits the loss that can result from claims that can be made to \$250,000 for each person, \$500,000 for each single occurrence of bodily injury or death, and \$100,000 for each single occurrence of damage or destruction of property.

For the year ended August 31, 2015, claims against the System were below the liability limits established by the Texas Tort Claims Act, and thus immaterial.

Commercial Insurance Arrangements

Directors and Officers/Employment Practices Liability

Directors and Officers (“D&O”)/Employment Practices Liability (“EPL”) coverage insures all institutions in the System as well as all officers, employees and volunteers. The policy provides for a maximum limit of \$10,000,000 with a \$100,000 deductible per insured individual for EPL, a \$50,000 deductible per insured individual for D&O, a \$50,000 deductible for the entity, and a \$25,000 deductible for volunteers.

Automobile

The Texas Motor Vehicle Safety Responsibility Act requires that vehicles operated on a state highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 for bodily injury and \$25,000 for property damage. The System carries liability insurance on its licensed vehicles in the amount of \$1,000,000 combined single limit for bodily injury and property damage.

Medical Professional Liability

UNT has medical professional liability insurance coverage for professionals at the Student Health and Wellness Center, Athletic Training and Rehabilitation Center, and the Kristin Farmer Autism Center. Under the coverage, professionals are defined as physicians, nurses, nurse practitioners, physician assistants, pharmacists, and athletic trainers. There is a maximum per incident limit of \$250,000 and an aggregate limit of \$500,000 with a \$5,000 deductible.

Property

The System carries property insurance to finance losses arising from damage to or destruction of capital assets. The insurance also covers business interruption, which protects against losses resulting from disruption to revenue streams. At the close of the fiscal year, all premium payments had been made and an insurance policy was in effect that carried a \$1,000,000,000 shared limit through the State’s state-wide property insurance program.

A property claim was filed in 2014 for hail damage to most buildings at UNT, including the Discovery Park campus. Currently, the estimated loss is between \$7.0 million and \$9.0 million, all of which is covered under the policy.

Workers’ Compensation

The System is required by state law to participate in the State’s workers’ compensation insurance program administered through the State Office of Risk Management. This program covers risks of loss resulting from job-related illness or injuries to employees while in the course and scope of their work responsibilities. Following a work-related illness or injury, employees enter into a return-to-work program, if necessary, thus reducing indemnity payments for loss compensation.

Separate workers’ compensation policies are purchased to cover out-of-state employees as required by the laws of the state in which an employee works. As of August 31, 2015, the System maintains one policy for an out-of-state employee.

UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015

Unemployment Compensation

The State provides coverage for unemployment benefits from appropriations made to other state agencies for System employees. The current General Appropriations Act provides that the System must reimburse the General Revenue Fund – Consolidated one-half of the unemployment benefits for former and current employees from System appropriations. The Texas Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The System has only one appropriated fund type. The System must reimburse the General Revenue Fund 100% of the cost for unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the State Treasury.

Unemployment compensation is on a pay-as-you-go basis through the State, with the exception of locally funded enterprises that have fund expenses and set-aside amounts based on a percentage of payroll amounts. No material outstanding claims were pending at August 31, 2015.

The System maintains reserves for unemployment compensation and workers' compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending as of August 31, 2015. Health benefits are provided through the various state contracts administered by the Employee Retirement System.

Miscellaneous

Other lines of insurance purchased include: contractual bonuses, camp accident/medical, commercial crime, fine arts, inland marine, foreign liability, global medical, kidnap and extortion, specialized general liability and property insurance for the Elm Fork Education Center, and student professional liability.

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**UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015**

Note 14: Matrix of Operating Expenses Reported by Function

For the year ended August 31, 2015, the following table represents operating expenses for both natural and functional classifications for the System:

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ 26,694.31	\$ -	\$ -	\$ 274,729.85	\$ 194,389.66
Salaries and Wages	176,077,190.13	28,720,941.29	9,875,035.33	94,673,267.18	32,700,621.85
Payroll Related Costs	54,933,785.69	6,677,701.49	2,571,966.61	22,315,908.54	8,739,664.05
Professional Fees and Services	2,391,183.44	7,917,182.73	3,855,994.81	34,818,207.29	4,829,541.99
Federal Pass-Through Expenses	10,071.88	477,083.67	-	-	-
State Pass-Through Expenses	-	88,731.86	10,137.03	-	-
Travel	2,162,293.93	1,781,694.08	328,352.56	2,816,663.94	2,995,744.08
Materials and Supplies	6,463,173.37	6,827,704.54	937,387.08	8,717,893.16	6,029,014.01
Communications and Utilities	1,315,440.47	163,236.81	43,466.84	92,227.25	1,639,864.59
Repairs and Maintenance	600,990.19	909,162.54	75,104.66	4,432,271.93	1,313,743.19
Rentals and Leases	2,376,457.53	377,209.87	364,062.23	3,768,036.07	1,673,367.21
Printing and Reproduction	1,017,303.65	123,132.21	121,079.76	791,666.88	845,828.70
Depreciation and Amortization	-	-	-	-	-
Scholarships	1,637,796.76	935,750.64	196,164.69	28,494.87	41,301.70
Claims and Losses	-	-	-	3,333,118.00	4,950.00
Other Operating Expenses	2,680,145.35	1,830,411.32	189,919.24	4,929,414.65	6,664,524.50
Total Operating Expenses	\$ 251,692,526.70	\$ 56,829,943.05	\$ 18,568,670.84	\$ 180,991,899.61	\$ 67,672,555.53

**UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015**

Note 14: Matrix of Operating Expenses Reported by Function (Continued)

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
\$ 499,819.10	\$ (12,026.03)	\$ -	\$ 5,010,173.83	\$ -	\$ 5,993,780.72
53,907,730.60	15,387,386.31	654,864.08	17,973,469.70	-	429,970,506.47
13,819,516.48	5,724,083.45	125,088.40	6,210,705.01	-	121,118,419.72
10,241,259.93	3,012,673.94	53,653.86	1,578,521.61	-	68,698,219.60
-	-	-	-	-	487,155.55
-	-	-	-	-	98,868.89
810,869.49	78,623.29	97,247.43	121,243.55	-	11,192,732.35
4,077,295.15	4,116,580.16	24,843.53	1,842,834.68	-	39,036,725.68
461,025.67	10,555,459.56	186.70	4,963,263.80	-	19,234,171.69
3,675,436.93	11,612,882.48	2,729.99	4,941,863.16	-	27,564,185.07
1,839,821.26	186,935.53	3,118.18	493,395.58	-	11,082,403.46
1,063,205.42	18,372.12	40,940.24	285,568.07	-	4,307,097.05
-	-	-	-	62,507,964.37	62,507,964.37
344,967.37	153,502.78	57,664,942.80	1,172.15	-	61,004,093.76
8,365.17	-	-	-	-	3,346,433.17
2,966,747.75	536,097.08	131,282.34	1,792,984.30	-	21,721,526.53
\$ 93,716,060.32	\$ 51,370,570.67	\$ 58,798,897.55	\$ 45,215,195.44	\$ 62,507,964.37	\$ 887,364,284.08

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UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015

Note 15: Financial Reporting Entity

The System is composed of the University of North Texas System Administration and three academic institutions as follows: the University of North Texas, the University of North Texas Health Science Center at Fort Worth, and the University of North Texas at Dallas. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a nonvoting student Regent for a one-year term.

Assets Held By Affiliated Organizations

GASB authoritative guidance provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship to the primary government, the System. This guidance states that a legally separate tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The System has defined significance as 3% of its net position. As of August 31, 2015, only the University of North Texas Foundation met the criteria for inclusion in the System's financial statements.

Discretely Presented Component Unit

University of North Texas Foundation

The University of North Texas Foundation, Inc. (the "Foundation") is reported as a discrete component unit. The Foundation is a separate nonprofit organization that is organized for various purposes, including transferring or using all or any part of the corpus or income for the benefit of the University of North Texas. Such uses are made in accordance with the general or specific purposes stipulated by the donors, grantors or testators, or in the absence of such stipulations, for such uses as may be determined by the Board of Directors of the Foundation; furthermore, the Foundation promptly distributes all net income in excess of operating requirements to promote the educational advancement of UNT. The governing board is self-perpetuating, comprised of elected members separate from the System's Board of Regents. The direction and management of the affairs of the Foundation and the control and disposition of its assets are vested in the Board of Directors of the Foundation. The System has no liability with regard to the Foundation, its operations or liabilities. The majority of endowments supporting university scholarships and other System programs are owned by the Foundation; therefore, including the Foundation's financial reports is important to obtain a full understanding of the System's financial position and resources.

The Foundation is an essential component of UNT's program for university advancement and for the development of private sources of funding for capital acquisitions, operations, endowments, and other purposes relating to the mission of UNT.

In August 2003, UNT entered into an agreement with the Foundation to better define the relationship between the two entities and to comply with the statutory requirements of Chapters 2255 and 2260 of the Texas Government Code. The 2003 agreement provided that the development leadership for UNT would be provided by the Foundation's Chief Executive Officer.

An amended agreement was approved by the Foundation's Board of Directors in their June 2009 meeting, and subsequently approved by the System Board of Regents in August 2009. Under the amended agreement, UNT's Vice President for Advancement will serve as the Foundation's Director of Development and will oversee, coordinate and

**UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015**

exercise decision making authority over the fundraising activities of both UNT and the Foundation. In this dual position, the Vice President for Advancement/Foundation's Director of Development (the "VPA/FDD") shall have no decision making authority in regard to governance of the Foundation or expenditure of funds by the Foundation. The VPA/FDD is an employee of UNT, and compensation for the position is the sole obligation of UNT. In consideration of this amended agreement, UNT has consistently reported the Foundation as a discrete component unit in the System's financial statements.

Related Parties

Through the normal course of operations, the System both receives funds from and provides funds to other state agencies in support of sponsored research programs. Funds received and provided during the year ended August 31, 2015 related to pass-through grants were \$26,382,084.78 and \$98,868.89 respectively.

Other related-party transactions identified in the financial statements include Due From/To Other Agencies, Legislative Appropriations, Capital Appropriations, Legislative Transfers In and Transfers From/To Other State Agencies.

Note 16: Donor Restricted Endowments

The System's spending policy for unitized endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one year.

The target distribution of spendable income to each unit of the endowment fund will be between 3% and 6% of the moving average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the Finance Committee of the Board of Regents, the target annual distribution rate shall be 4% of the average unit market value. Distribution shall be made quarterly, as soon as practicable, after the last calendar day of November, February, May and August. This distribution amount shall be recalculated each quarter based on a 12-quarter rolling average. If, at any point of distribution, the fair market value of the endowment is below the corpus of the endowment, the distribution shall be determined on a sliding scale basis. The distribution is made in accordance with the Texas Uniform Prudent Management of Institutional Funds Act. The quarterly distribution is based on an endowment management model developed by the AICPA. The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the System.

Endowment Type	Amount of Cumulative Net Appreciation (1)	Reported in Net Position
True Endowments	\$ 6,317,834.45	Restricted Expendable

(1) There was a negative fair value adjustment totaling (\$4,288,036.95) for 2015 related to true endowments. As of August 31, 2015, the System did not have any term endowments to report.

UNIVERSITY OF NORTH TEXAS SYSTEM
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AUGUST 31, 2015

Note 17: Deferred Outflows of Resources and Deferred Inflows of Resources

A summary of the System's deferred outflows of resources and deferred inflows of resources as of August 31, 2015 is presented below:

	<u>Total</u>
Deferred Outflows of Resources	
Unamortized Losses on Refunding of Debt	\$ 4,003,969.83
Deferred Outflows of Resources Related to Pensions (1)	<u>18,294,054.57</u>
Total Deferred Outflows of Resources	<u>\$ 22,298,024.40</u>
Deferred Inflows of Resources	
Unamortized Gains on Refunding of Debt	\$ 426,106.08
Deferred Inflows of Resources Related to Pensions (1)	<u>31,607,639.09</u>
Total Deferred Inflows of Resources	<u>\$ 32,033,745.17</u>

- (1) See Note 1, *Summary of Significant Accounting Policies* and Note 8, *Pension Plans*, for more information regarding deferred outflows of resources and deferred inflows of resources related to debt refunding and pensions.

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**UNIVERSITY OF NORTH TEXAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2015**

Required Supplementary Information (RSI)

Schedule of the System's Proportionate Share of the Net Pension Liability

RSI - Pension Proportionate Share

	<u>2015</u>
System's proportion of the net pension liability	0.39%
System's proportionate share of the net pension liability	\$ 103,405,818.19
System's covered payroll (1)	\$ 222,501,101.49
System's proportionate share of the net pension liability as a % of its covered payroll	46.47%
Plan fiduciary net position as a percentage of the total pension liability	83.25%

(1) Covered payroll is for 2014 because the System's net pension liability as of August 31, 2015 is based on a measurement date of August 31, 2014.

Schedule of the System's Contributions

RSI - Pension Contributions

	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 16,016,583.26	\$ 15,130,074.90
Contributions in relation to the statutorily required contributions	9,975,054.31	9,812,632.74
Contribution deficiency (excess)	\$ 6,041,528.95	\$ 5,317,442.16
System's covered-employee payroll	\$ 235,537,989.10	\$ 222,501,101.49
Contributions as a percentage of covered-employee payroll	4.24%	4.41%

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**NOTES TO THE
FINANCIAL STATEMENTS**

of the

**UNIVERSITY OF NORTH TEXAS
FOUNDATION, INC.**

DENTON, TEXAS

For the years ended August 31, 2014 and 2015

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2015 and 2014

Note 1: Purpose and Summary of Significant Accounting Policies

Purpose

The University of North Texas Foundation, Inc. (Foundation) is a not-for-profit organization established for the purpose of providing financial support to the University of North Texas. This purpose is accomplished by the Foundation's receipt and management of donations (cash and non-cash) from individuals and organizations.

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions are generally temporarily or permanently restricted by the donor to support specific programs within the University of North Texas. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises to give has been provided based on management's evaluation of contributions receivable at year-end.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions and investments are permanently restricted by the donor. Investment income available for distribution is recorded in temporarily restricted net assets because of program restrictions. The portion of the fair value of endowment funds which is below the endowment fund's historical cost is recorded as a reduction in unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity at the time of purchase of three months or less. At August 31, 2015 and 2014, there was \$5,055,592 and \$7,273,320, respectively, of cash equivalents in the Foundation's investment accounts awaiting investment.

Investments

The Foundation carries investments in marketable securities and other common stocks with readily determinable fair values at their fair values based on quoted prices in active markets (Level 1 measurements) in the Statement of Financial Position. Investments in mutual funds are carried at their fair value based on published per share valuations (Level 2 measurements). Investments in non-publicly traded Real Estate Investment Trust and Hedge Funds of Funds are carried at their fair value as determined using significant unobservable inputs (Level 3 measurements). Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2015 and 2014

Real Property

Real property consists of property that has been donated to the Foundation. The property is stated at the estimated fair value at the time of the donation.

Other Assets

Other assets consists of paintings donated to the Foundation and held for sale. The paintings are recorded at their fair value as of the date of donation.

Agency Funds

Agency funds consist of resources held by the Foundation as an agent for resource providers and will be transferred to third-party recipients specified by the resource provider.

Date of Management's Review

Subsequent events were evaluated through February 22, 2016, which is the date the financial statements were available to be issued.

Note 2: Investments

Investment securities consisted of the following at August 31, 2015 and 2014:

	August 31, 2015		August 31, 2014	
	Cost	Fair Value	Cost	Fair Value
U.S. and International Stocks and Equity Mutual Funds	\$ 135,470,026	\$ 153,283,746	\$ 120,953,761	\$ 152,843,338
U.S. and International Fixed Income Securities and Mutual Funds	58,662,437	57,136,159	61,937,198	63,603,402
Real Estate Investment Trust and Mutual Funds	6,935,080	5,869,622	6,404,972	6,269,780
Natural Resource Exchange Traded Fund/Global Hard Assets Mutual Fund	20,495,743	17,799,538	17,478,565	23,032,042
Hedge Funds of Funds/Loan Funds/Mutual Funds	26,556,594	24,385,040	31,784,678	34,421,390
	<u>\$ 248,119,880</u>	<u>\$ 258,474,105</u>	<u>\$ 238,559,174</u>	<u>\$ 280,169,952</u>

Investment income consists of interest and dividends on investment securities and is shown net of investment fees and expenses of \$62,603 and \$63,599 for the years ended August 31, 2015 and 2014, respectively.

Note 3: Fair Value of Financial Instruments

Generally accepted accounting principles requires disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments other than investments are cash and cash equivalents, contributions and other receivables, and other short-term assets and liabilities. For these financials statements, carrying values approximate fair value.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2015 and 2014

Note 4: Fair Value Measurements

Fair value of assets measured on a recurring basis at August 31, 2015 and 2014 are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
August 31, 2015:				
Securities/Mutual Funds	\$ 247,261,877	\$ 12,055,356	\$ 235,206,521	\$ -
Real Estate Investment Trust	404,820	-	-	404,820
Hedge Funds of Funds	5,630,059	-	-	5,630,059
Loan Fund	5,177,349	-	-	5,177,349
Total	\$ 258,474,105	\$ 12,055,356	\$ 235,206,521	\$ 11,212,228
August 31, 2014:				
Securities/Mutual Funds	\$ 268,852,142	\$ 12,491,087	\$ 256,361,055	\$ -
Real Estate Investment Trust	670,599	-	-	670,599
Hedge Funds of Funds	5,477,340	-	-	5,477,340
Loan Fund	5,169,871	-	-	5,169,871
Total	\$ 280,169,952	\$ 12,491,087	\$ 256,361,055	\$ 11,317,810

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Real Estate Investment Trust	Hedge Funds Mutual Funds	Loan Fund	Total
August 31, 2013	\$ 625,646	\$ 8,288,236	\$ -	\$ 8,913,882
Total gains (losses) (realized/unrealized)	44,953	483,509	169,871	698,333
Purchases, issuance, and settlements	-	(3,294,405)	5,000,000	1,705,595
August 31, 2014	\$ 670,599	\$ 5,477,340	\$ 5,169,871	\$ 11,317,810
Total gains (losses) (realized/unrealized)	(65,829)	289,226	7,478	230,875
Purchases, issuance, and settlements	(199,950)	(136,507)	-	(336,457)
August 31, 2015	\$ 404,820	\$ 5,630,059	\$ 5,177,349	\$ 11,212,228

The gains and losses for each year are included in the statements of activities under realized and unrealized gain (loss) on market value of investments.

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Fair values for mutual funds valued using level 2 inputs are based on published daily valuations. Fair values for the Real Estate Investment Trust, Hedge Funds of Funds, and Loan Fund are determined by third-party valuations of the investments. There were no changes in valuation methods during fiscal years 2015 or 2014.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2015 and 2014

Note 5: Contributions and Other Receivables

Contributions and other receivables as of August 31, 2015 and 2014 are as follows:

	<u>August 31, 2015</u>	<u>August 31, 2014</u>
Contributions Receivable in less than one year	\$ 23,861,550	\$ 1,781,869
Contributions Receivable in one to five years	1,924,875	23,644,108
Contributions Receivable in six to ten years	291,245	410,850
Contributions Receivable in over ten years	-	55,000
Total Contributions Receivable	<u>26,077,670</u>	<u>25,891,827</u>
Less discounts to net present value	(423,421)	(2,630,602)
Less allowance for uncollectible amounts	(8,398,177)	(6,011,920)
Net Contributions Receivable	<u>17,256,072</u>	<u>17,249,305</u>
Other amounts receivable	2,855	2,423
Total Contributions and Other Receivables	<u>\$ 17,258,927</u>	<u>\$ 17,251,728</u>

Contributions receivable in more than one year have been discounted to net present value using an interest rate of eight percent. Contributions receivable in less than one year include one promise to give of \$22,000,000 from a single donor. The contribution is expected to be collected by March 31, 2016, and has been recorded at a net realizable value of \$14,009,590.

Note 6: Unrestricted Net Assets

Unrestricted net assets at August 31, 2015 and 2014 include \$1,272,517 and \$1,271,885, respectively, which has been designated by the Foundation's Board of Directors as a reserve for future operations.

Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions from donors who have specified certain programs or scholarships within the University of North Texas. Temporarily restricted net assets also include income from endowment funds that are available for distribution upon satisfaction of the specific program restriction stated in the endowment agreement.

Included in temporarily restricted net assets is \$14,009,590 resulting from the 2011 promise to give from one significant donor (see Note 5). As of August 31, 2015, the Foundation, the University of North Texas, and the donor were working to determine the wishes of the donor as to the various ways the donor's gift will be used. It is anticipated that some portion of the gift will be designated for several permanent endowments to support programs within the University of North Texas. As these designations are finalized, these net assets will be reclassified as permanently restricted.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2015 and 2014

Note 8: Permanently Restricted Net Assets

Net assets were permanently restricted for the following purposes at August 31, 2015 and 2014:

	August 31, 2015	August 31, 2014
Endowments to support various programs, scholarships, and other activities of the University of North Texas	\$ 86,324,889	\$ 80,597,090
Cash value of life insurance policies that will provide proceeds, upon the death of the insured, for endowments	512,137	468,248
Total	\$ 86,837,026	\$ 81,065,338

Note 9: Life Insurance Policies

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Premium payments made by the Foundation are reimbursed by the donors of the policies. As of August 31, 2015 and 2014, there were a total of 26 and 24 such policies, respectively, with death benefits totaling \$3,434,842 and \$1,687,240 respectively, and cash values totaling \$512,137 and \$468,240 respectively.

Note 10: Income Tax Status

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Note 11: Retirement Plan

The Foundation sponsors a defined contribution retirement plan covering all full time employees of the Foundation. The Foundation contributes 8.5% of eligible employees' compensation to the plan, and employees are required to contribute a minimum of 6.65% of compensation to the plan. Employees may make voluntary contributions in addition to the required contribution, up to the limits prescribed by the Internal Revenue Code. All employer and employee contributions are fully vested when made. The expense to the Foundation for retirement plan contributions for the year ended August 31, 2015 and 2014 were \$60,898 and \$54,020 respectively.

Note 12: Assets Held Under Split Interest Agreements

The Foundation is the Trustee or Co-Trustee of various charitable remainder trusts and administers numerous gift annuity contracts. The agreements require annuity payments to the income beneficiaries for life, with the remaining assets of the trusts or agreements creating endowments upon the death of the income beneficiary. The annuity obligations are recorded at the present value of the expected future cash payments to the beneficiaries based on published life expectancy tables using a discount rate of six percent.

The assets held under these agreements are included in the statement of financial position at fair value.

Note 13: Assets Held For Others

Two trusts for which the Foundation serves as Trustee currently name the Foundation as the remainder beneficiary, however, the donors have retained the right to change the remainder beneficiary to other charitable organizations. As a result, the Foundation has recorded the assets held under these trusts as assets held for others.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2015 and 2014

The Foundation holds and invests certain funds in trust on behalf of the University of North Texas System (UNTS). Pursuant to an investment agreement dated March 15, 2012, certain UNTS long-term assets have been placed with the Foundation and invested in the Foundation's Consolidated Investment Pool. The UNTS investment funds are subject to the same investment management policy as the Foundation's investments, but receive monthly distributions calculated on a 20 quarter rolling average unit value. The initial annually renewable agreement was replaced on November 1, 2014 by a new agreement that can be terminated by either party upon written notice to the other party.

The Foundation also holds and invests certain funds in trust on behalf of the University of North Texas (UNT). Pursuant to an investment management agreement dated August 24, 2012, certain UNT endowment assets have been placed with the Foundation and invested in the Foundation's Consolidated Investment Pool or the Foundation's DFA Short-Term Government fund. The UNT endowment funds invested in the Foundation's Consolidated Investment Pool are subject to the same investment management and distribution policies as the Foundation's endowments. The initial term of the agreement ended August 31, 2013, with a provision to automatically renew annually thereafter.

UNTS and UNT are independent of the Foundation in all respects. UNTS and UNT are not subsidiaries or affiliates of the Foundation and are not directly or indirectly controlled by the Foundation. The Board of Regents of UNTS makes all decisions regarding the business and affairs of UNTS and UNT, and their long-term assets and endowment assets managed by the Foundation are the exclusive property of UNTS and UNT respectively. The Foundation does not have ownership of any of the UNTS or UNT assets, therefore, neither the principal nor income generated by these assets is included in the amount of net assets of the Foundation.

Assets held under these arrangements are included in the Statement of Financial Position at fair value, and the Foundation realized net management fee income of \$474,340 and \$439,828 respectively during the year ended August 31, 2015 and 2014, respectively for its services.

A summary of the assets held for others is as follows:

	<u>August 31, 2015</u>	<u>August 31, 2014</u>
UNTS long-term assets managed by Foundation	125,423,568	140,443,804
UNT endowment assets managed by Foundation	39,676,464	44,253,072
Trusts for which beneficiary can be changed	2,696,714	2,687,973
Assets Held for Others	<u>\$ 167,796,746</u>	<u>\$ 187,384,849</u>

Note 14: Concentrations of Credit Risk

The Foundation maintains cash balances in excess of \$250,000 in its depository bank, which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Foundation's depository bank, Wells Fargo Bank N.A., has pledged government backed securities with a par value of \$5,999,276 at August 31, 2015 to secure Foundation deposits in excess of \$250,000. The pledged securities are held by a third-part safekeeping bank under a pledged collateral agreement. The market value of the pledged securities at August 31, 2015 and 2014 was \$6,174,246 and \$6,760,806, respectively. The total amount of checking account deposits with Wells Fargo Bank N.A. as of August 31, 2015 and 2014 was \$572,175 and \$472,332, respectively. In addition to the checking account balances, the Foundation had cash balances of \$3,812,649 and \$4,605,259 at August 31, 2015 and 2014, respectively, invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement. The Foundation also had \$4,000,000 invested as of August 31, 2015 in a fully collateralized repurchase agreement with Texas Capital Bank.

The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured. The amount held in money market mutual funds was \$5,223,196 and \$11,715,150 at August 31, 2015 and 2014, respectively.



August 19, 2016

Grant Thornton LLP
1717 Main Street, Suite 1800
Dallas, TX 75201

Dear Sir or Madam:

We are providing this letter in connection with your audit of the consolidated financial statements of the University of North Texas System (the "System"), which collectively comprise the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows as of August 31, 2015, and the year than ended, and the related notes to the consolidated financial statements. We understand that your audit was made for the purpose of expressing an opinion as to whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

We have fulfilled our responsibility, as set out in the terms of the Engagement Letter, for the preparation and fair presentation in the consolidated financial statements of the financial position of the System, its discretely presented component unit, and the respective changes in financial position and cash flows, where applicable, in accordance with US GAAP. We acknowledge our responsibility for understanding and complying with certain provisions of laws, regulations, contracts, and grant agreements and other matters applicable to the System. We further acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud, including programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of August 19, 2016, the following representations made to you during your audits.

1. The consolidated financial statements referred to above, including the related notes, have been prepared and are fairly presented in conformity with US GAAP.

2. The consolidated financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the consolidated financial statements, including all financial records, documentation of internal control over financial reporting, and related information
 - b. Additional information you have requested for audit purposes
 - c. Unrestricted access to persons from whom you determined it was necessary to obtain audit evidence
 - d. Minutes of the meetings of Board of Regents and summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
4. We have disclosed to you all known communications, written and oral, from regulatory agencies and others concerning noncompliance with, or deficiencies in, financial reporting practices.
5. We believe that the effects of the uncorrected financial statement misstatements, in the accompanying schedule are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole. Refer to attachment A at the end of this letter.
6. There are no significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting of which we are aware.
7. There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.
8. We have no knowledge of fraud or suspected fraud affecting the System involving:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the consolidated financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the System's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others, other than that which has been previously disclosed.
10. Except as disclosed to you, there are no known violations or possible violations of, or no known instances of noncompliance or suspected noncompliance with, laws, regulations, contracts, or grant agreements, or other matters whose effects should be considered by management when preparing the consolidated financial statements, as a basis for recording a loss contingency or for disclosure, other than those discussed in the Notes to the consolidated financial statements, and we have complied with all laws, regulations, contracts, grant agreements and other matters, including all laws and regulations in adopting, approving, and amending budgets.
11. We have identified and disclosed to you all laws, regulations, contracts, and grant agreements and other matters that have a direct and material effect on the determination of financial statement amounts.

12. We are responsible for taking corrective action on audit findings and are establishing and maintaining a process to address and track the status of audit findings, conclusions, and recommendations. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse when reported. We have also made available to you findings and recommendations from previous audits, engagements, or other studies that could have a material effect on the consolidated financial statements.
13. The System has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
14. We have disclosed to you the identity of the System's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions and related amounts receivable from or payable to related parties (including sales, purchases, loans, transfers, leasing arrangements, and guarantees) have been properly accounted for and disclosed in the consolidated financial statements in accordance with US GAAP.

We understand that "related parties" include (1) affiliates of the System; (2) entities for which investments in their equity securities would be required to be accounted for by the equity method by the investing entity; (3) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; and (4) management of the System and members of their immediate families.

Related parties also include (1) other parties with which the System may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (2) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

15. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, are properly disclosed in the consolidated financial statements.

Significant estimates are estimates at the date of the statement of financial position that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

16. The methods and significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable, consistently applied, and result in a measurement appropriate for financial statement and disclosure purposes. Disclosures related to these estimates and fair value measurements are adequate, complete, and accurate. No events have occurred subsequent to the date of the consolidated financial statements through the date of this letter that would require adjustment to these estimates and fair value measurements, or the related disclosures included in the consolidated financial statements.

There are no financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

17. There are no guarantees, whether written or oral, under which the System is contingently liable.
18. Components of net position (net investment in capital assets; restricted and unrestricted) are properly classified and, if applicable, approved.
19. Investments held by endowments are properly valued.
20. Provisions for uncollectible receivables have been properly identified and recorded.
21. The basis for the allocation of functional expenses is reasonable and complies with the requirements of the System's various funding sources. In addition, the costs of joint activities are appropriately accounted for in accordance with the National Association of College and University Business Officers functional (programmatic) categories.
22. Revenues are appropriately classified in the statement of revenues, expenses and changes in net position.
23. Interfund, internal, and intra-system activity and balances have been appropriately classified and reported.
24. Amounts due to and due from related components are valid payables/receivables and will be paid to/by respective System components.
25. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
26. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
27. The accounting practice regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and that net position is properly recognized under this practice.
28. The System's ability to continue as a going concern was evaluated and appropriate disclosures are made in the consolidated financial statements as necessary under GASB requirements.
29. There are no known actual or possible litigation, claims, or assessments that our legal counsel has advised us are probable of assertion whose effects should be considered by management when preparing the consolidated financial statements and that should be accounted for and disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989*, except as disclosed in the consolidated financial statements.
30. There are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with (GASB-62), except as disclosed in the consolidated financial statements.
31. The System has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as disclosed in the consolidated financial statements.

32. We acknowledge our responsibility for the Management Discussion and Analysis, which the Governmental Accounting Standards Board considers to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. Such required supplementary information is measured and presented in accordance with U.S. GAAP. The methods of measurement and presentation of the required supplementary information are consistent with those used in the prior period. We have disclosed to you the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information.
33. Except as disclosed to you, we believe any grant expenditures that could potentially be disallowed, and not reimbursed by the grantor, would be immaterial.
34. There were no material outstanding unemployment or workers' compensation claims pending at August 31, 2015.
35. There are no other receivables or payables that are greater than or equal to 5% of total receivables or payables and must be disclosed separately.
36. The System has adopted GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*. We believe that all information obtained from the Texas Retirement System (TRS), to include the audited financial statements, actuary reports, and disclosures related to pension and post-retirement liabilities and costs are appropriate. The System has complied with all accounting and disclosure requirements of GASB 68.
37. All events subsequent to the date of the consolidated financial statements through the date of this letter and for which US GAAP requires recognition or disclosure have been recognized or disclosed.

Very truly yours,

UNIVERSITY OF NORTH TEXAS SYSTEM

Lee F. Jackson, Chancellor

Janet Waldron, Vice Chancellor for Finance

ATTACHMENT A

Schedule of Uncorrected Misstatements as of and for the year ended August 31, 2015

- (1) GT PAJE 1 - Healthcare revenue reclassification for year-end accruals.

<u>Account Description</u>	<u>Amount DR (CR)</u>
Professional Fees Revenue	5,523,711.56
Sales of Goods and Services Revenue - Federal Contract	(5,523,711.56)

- (2) Client PAJE 1 - FY14 and prior years' portion of a capital asset depreciation posted adjustment. UNTS elected to record the total adjustment in current year operations, and passed on adjusting the opening Net Position balance for 2015.

<u>Account Description</u>	<u>Amount DR (CR)</u>
Net Investment in Capital Assets - UNT	5,631,325.06
Net Investment in Capital Assets - HSC	243,229.07
Depreciation Expense - UNT	(5,631,325.06)
Depreciation Expense - HSC	(243,229.07)

- (3) Client PAJE 2 - Adjustments to grants deferred revenue.

<u>Account Description</u>	<u>Amount DR (CR)</u>
State Grant Pass-Through Revenue	21,871.96
Other Contracts and Grants - Private Grant Revenue	733,964.26
Receivable from: Federal - Federal Flow Through	72,700.55
Receivable from: Federal – Dept. of Education	60,767.82
Unearned Revenue	(733,964.26)
Federal Grant Revenue	(133,468.37)
Receivable from: Other Intergovernmental	(21,871.96)

- (4) Client PAJE 3 - Adjustments related to recognized subsequent events.

<u>Account Description</u>	<u>Amount DR (CR)</u>
Claims and Losses Expense	1,022,072.00
Claims and Losses Expense	484,723.00
Claims and Judgements Liability	(1,022,072.00)
Claims and Judgements Liability	(484,723.00)



Board Briefing

Committee: Audit

Date Filed: July 8, 2016

Title: Fiscal Year 2017 UNT System Internal Audit Plan

Background:

In accordance with the UNT System (UNTS) Internal Audit Charter adopted February 20, 2015, the Texas Internal Auditing Act (Government Code Chapter 2102.005) and Regent Rule 4.501.4.b, an Annual Risk Assessment was conducted for the UNTS and its member component institutions. The UNTS Internal Audit Plan for Fiscal Year 2017, resulting from this Annual Risk Assessment, is attached for the Board of Regents review and approval.

Financial Analysis/History:

Preparing the Annual UNTS Internal Audit Plan and seeking approval by the Board of Regents, is an integral component of the UNTS Internal Audit process. This proposal is anticipated to be accomplished using the staff resources currently assigned to the Internal Audit function along with some outsourcing.

Janet Waldron

Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System,
ou=Vice Chancellor for Finance,
email=janet.waldron@untsystem.edu, c=US
Date: 2016.08.08 12:52:45 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, o=University of North
Texas System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 13:45:31 -05'00'

Vice Chancellor/General Counsel

Schedule:

The Fiscal Year 2017 UNTS Internal Audit Plan will be adopted immediately upon approval by the Board of Regents.

Recommendation:

It is recommended that the Board of Regents approve the attached Fiscal Year 2017 UNTS Internal Audit Plan.

Recommended By:

Tracy C. Grunig
Digitally signed by Tracy C. Grunig
DN: cn=Tracy C. Grunig, o=University of North
Texas System, ou=Internal Audit,
email=tracy.grunig@untsystem.edu, c=US
Date: 2016.08.05 13:19:55 -05'00'

UNTS Chief Audit Executive

Lee Jackson
Digitally signed by Lee Jackson
DN: cn=Lee Jackson, o=UNT System,
ou=Office of the Chancellor,
email=lee.jackson@untsystem.edu,
c=US
Date: 2016.08.09 18:11:42 -05'00'

Chancellor

Attachments Filed Electronically:

- Fiscal Year 2017 UNTS Internal Audit Plan



Board Order

Title: Fiscal Year 2017 UNT System Internal Audit Plan

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, Chapter 2102 of the Texas Government Code and Regent Rule 4.501.4.b requires the Board of Regents to review and approve the Fiscal Year 2017 Annual Risk Assessment and Internal Audit Plan, and

Whereas, the Internal Audit department conducted the Annual Risk Assessment within professional standards and in concert with management and the Compliance Offices, and

Whereas, the Board of Regents has reviewed the Internal Audit Plan,

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

- 1. Fiscal Year 2017 UNTS Internal Audit Plan

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

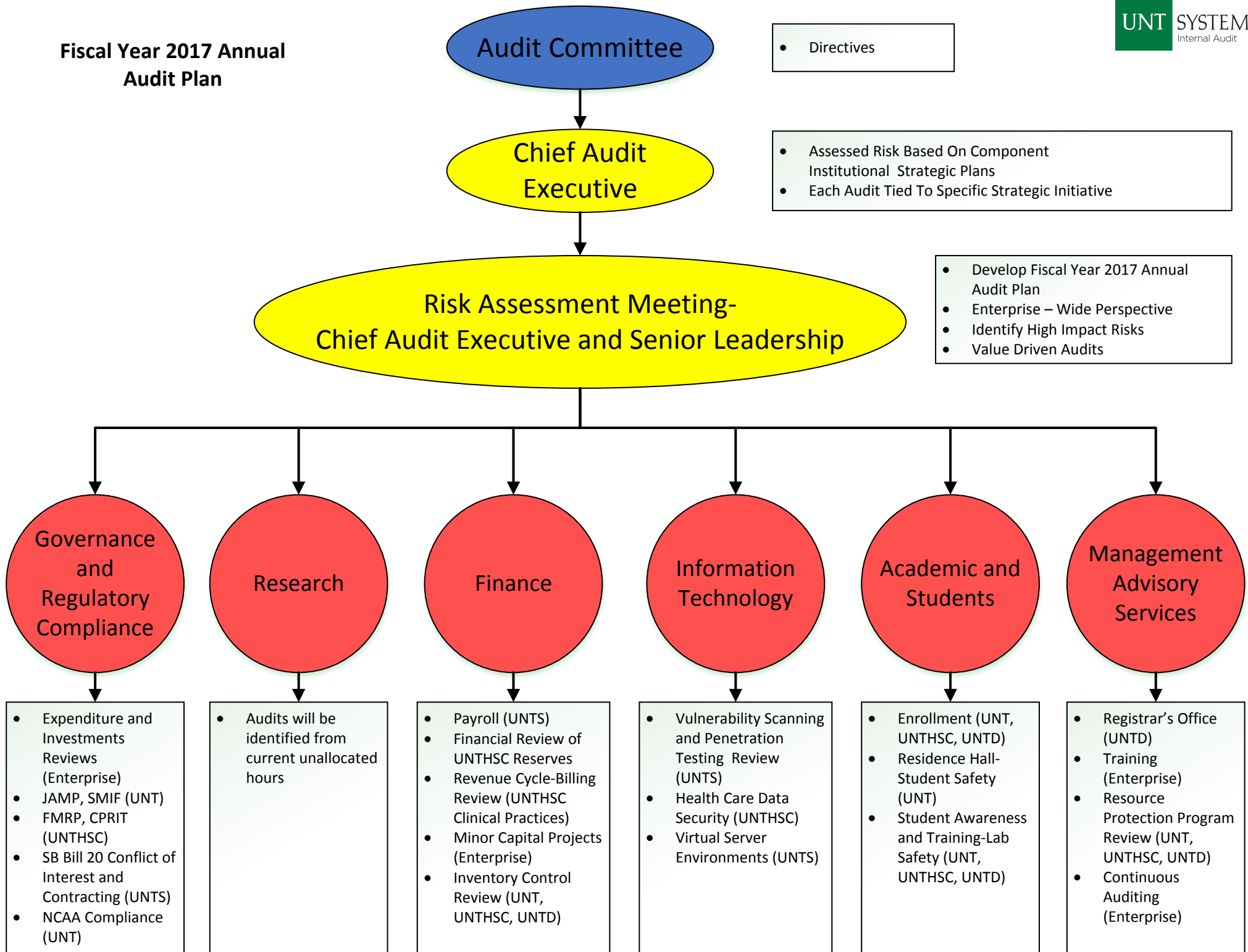
Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents

**Fiscal Year 2017 Annual
Audit Plan**



- Directives

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

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

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

- Audits will be identified from current unallocated hours

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

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

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

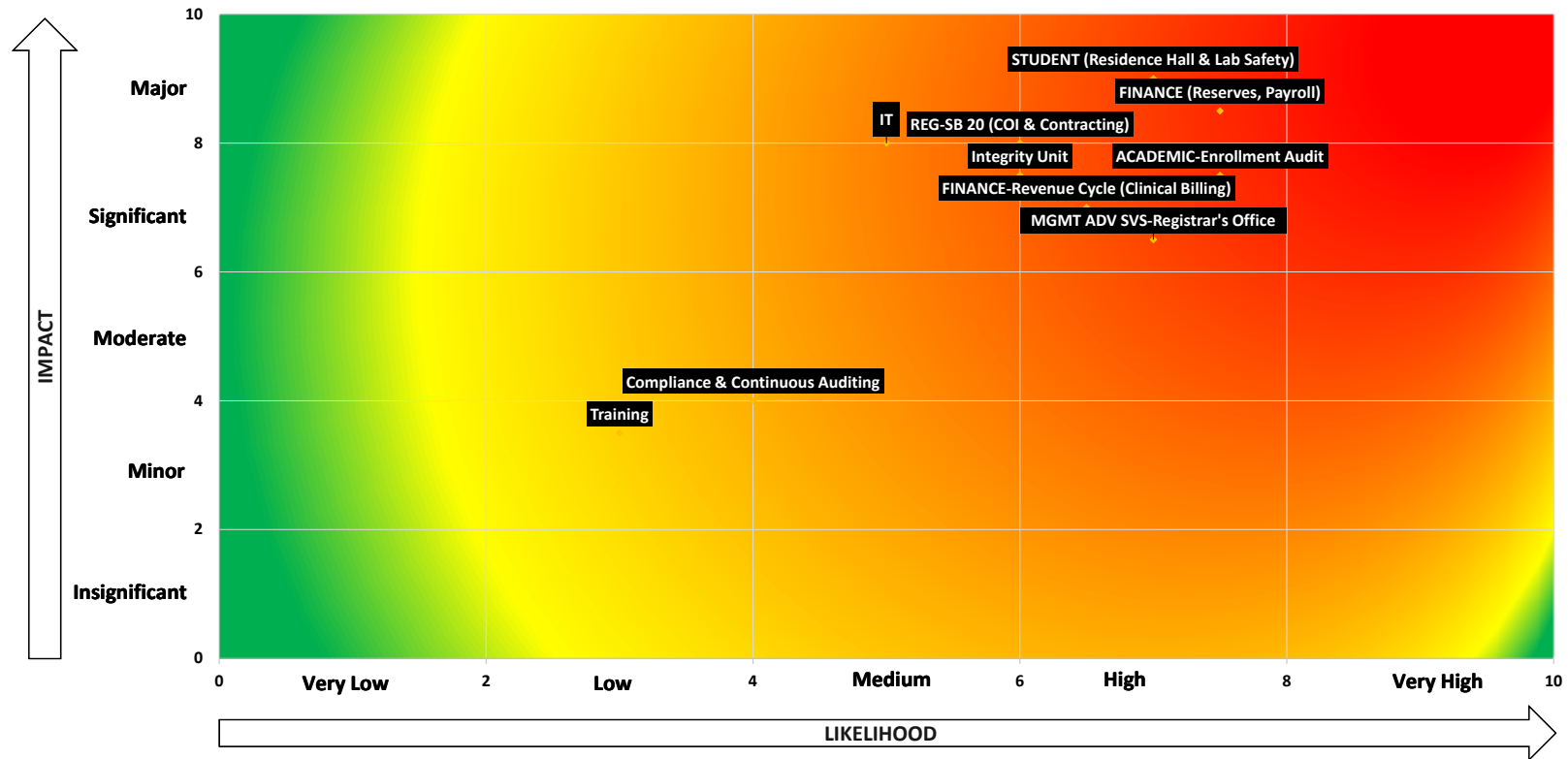
- Registrar's Office (UNT)
- Training (Enterprise)
- Resource Protection Program Review (UNT, UNTHSC, UNTD)
- Continuous Auditing (Enterprise)

University of North Texas System Internal Audit Fiscal Year 2017 Annual Audit Plan									
Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	Identified Risk
				System	UNT	UNTHSC	UNTD		
REQ-BOARD OF REGENTS	COMPLIANCE	Chancellor's/President's Expenditure Reviews	Evaluate whether travel, entertainment, and business expenses are in compliance with System/University policies, employment agreement provisions, state and federal laws as required by employment agreements.	X	X	X	X	300	Compliance; Reputational; Financial; Operational
REQ-REGENT RULES AND ENTERPRISE POLICIES	COMPLIANCE	Investments	Evaluate controls surrounding the investing activities are effective; as well as adherence with System Regulation 08.2000, UNT System Board of Regents Rule 10.100, and Public Funds Investment Act (PFIA) including State Auditor's Office (SAO) Article III, Rider 5 reporting requirements.	X	X	X	X	400	Compliance; Reputational; Financial; Operational
REQ-REG AGENCY	COMPLIANCE	Student-Managed Investment Fund (SMIF)	Assess compliance with the donor agreement between UNT and Colonel Guy M. Cloud, Jr. related to SMIF.		X			150	Compliance; Reputational; Financial; Operational
REQ-REG AGENCY	COMPLIANCE	Joint Admissions Medical Program (JAMP)	Determine that the institution is in compliance with JAMP Agreement requirements and JAMP Medical Expenditure Guidelines.		X			200	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	THECB Plaza Medical Center Family Medicine Residency Program (FMRP)	Verify that the institution is in compliance with the FMRP Agreement requirements and the FMRP Guidelines for funding.			X		150	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Cancer Prevention and Research Institute of Texas (CPRIT) (outsourced)	Determine compliance with the CPRIT grant contract, CPRIT administrative rules and applicable statutory requirements, grant budget, terms and conditions of the awards, CPRIT Policies and Procedures Guide and internal policies and procedures. Audit is outsourced since IA cannot render an independent opinion.		X	X		200	Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Senate Bill 20 Conflict of Interest (SB 20)	Review the conflict of interest process within contracting as revised within SB 20 regulations.	X				200	Contract Compliance; Reputational; Financial; Operational; Regulatory
REQ-REG AGENCY	COMPLIANCE	Senate Bill 20 Mandated Internal Audit Assessment	Internal Audit is required under SB 20 regulations to review contracting process for adherence to requirements on annual basis.	X	X	X	X	300	Compliance; Reputational; Financial; Operational; Regulatory
MRA	ACADEMIC	Enrollment Audit	Assess the enrollment audit reporting process to ensure student attendance is reflected appropriately. This audit will look at aspects of student safety, financial processes and potential student retention and student persistence issues.		X	X	X	400	Student Safety; Financial; Operational

Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	Identified Risk
				System	UNT	UNTHSC	UNTD		
IA	FINANCE	Payroll	Evaluate the adequacy of controls and processes surrounding new hires, terminated hires, ghost employees, salary adjustments, time sheets, and processing/monitoring of general ledger payroll accounts.	X				300	Financial; Operational
MRA	FINANCE	Financial Review of UNTHSC Reserves	Verify assets, liabilities, and items held in custody. An evaluation of the adequacy of controls throughout the institution and of compliance with prescribed procedures also is performed.			X		300	Financial; Operational; Reputational
MRA	FINANCE	Revenue Cycle – Billing Process (Clinical Practice)	Determine the adequacy of controls and processes to ensure complete, accurate, and timely claims to payors and are in compliance with contract and regulatory requirements.			X		500	Financial; Operational; Reputational
IA	FINANCE	Minor Capital Projects	Evaluate the adequacy of controls and processes surrounding minor capital projects to ensure the funds are expended appropriately, projects are financed adequately and completed timely.	X	X	X	X	300	Financial; Operational; Contract Compliance; Economical and Efficient Use of Resources
IA	INFORMATION TECHNOLOGY	Vulnerability Scanning & Penetration Testing Review	Ensure network, operating system, web application, and network access vulnerabilities are tested using best practices from NIST, CIS, SANS and OWASP top 10. Determine if scanning detects vulnerabilities that could lead to attacks such as denial of service, man-in-the-middle, password hacking, SQL injection, cross-site scripting and more. Determine if activities are in place to attempt to exploit any identified vulnerabilities and if processes are in place to escalate and remediate identified vulnerabilities. Determine if the vulnerability scanning tool includes scanning for malware that was not detected through anti-virus protection.	X				400	Information Technology Security; IT System Network Authorization and Access; Operational; Compliance with Policies; Reputational
MRA	INFORMATION TECHNOLOGY	Health Care Data Security	Verify policies and procedures are in place to support ePHI requirements. Determine the systems or processes that store and/or process ePHI. Verify ePHI data is appropriately secured. Verify Electronic Medical Records (EMR) systems are patched to the most current validated security level. Determine the strength of user access controls to systems containing ePHI data.			X		400	Information Technology Security; Safeguarding of Assets; Operational; Compliance with Policies; Reputational
IA	INFORMATION TECHNOLOGY	Virtual Server Environments	Identify the virtualized environments managed by shared services. Evaluate the configuration, partitioning, support, management, security and monitoring of the virtual server environment. Ensure administrative access to the hypervisor is appropriately limited.	X				300	Information Technology Security; Safeguarding of Assets; Operational; Compliance with Policies; Reputational

Source	Risk Area	Title of Audit	Description and Audit Objectives	Component Institution				Hours	Identified Risk
				System	UNT	UNTHSC	UNTD		
IA	INTEGRITY UNIT	Resource Protection Program Review	Partner with the University Police Departments to perform periodic and reoccurring continuous resource protection. Assess control and custody of cash including accountability, safeguarding and management oversight. Assess the safety precautions provided to staff handling these funds. Perform random spot checks to raise control awareness.		X	X	X	300	Reputational; Asset Misappropriation; Physical Safety
IA	INTEGRITY UNIT	Inventory Control Review	Perform periodic and reoccurring reviews of operational effectiveness controls over inventory in facilities, dining services and athletics to ensure strong safeguarding and accountability controls protect assets. Perform random spot checks on areas storing pilferable inventory and hazardous materials.		X	X	X	300	Reputational; Asset Misappropriation; Compliance with Policies; Financial; Economical and Efficient Use of Resources
MRA	MANAGEMENT ADVISORY SERVICES	Registrar's Office – Business Process	Work with management to provide an overview of registrar services at peer institutions. Develop questionnaire to help management review registrar function and assess what type of activities and process should be conducted by a registrar office.				X	300	Operational; Reputational; Compliance with Policies
MRA	MANAGEMENT ADVISORY SERVICES	Training on Business Processes, Policies and Procedures	Provide Academic Chair-Faculty training on business processes, adherence to policies and procedures, and employee on-boarding process. Review for unauthorized software installed on user machines. Identify potential malware which could cause data breaches and unauthorized data leakage.	X	X	X	X	200	Compliance with Policies; Operational; Financial; Information Technology
IA	MANAGEMENT ADVISORY SERVICES	Continuous Auditing	Monitor data and identify outlier information for further review. Identify potential deficiencies in internal controls and instances of malfeasance. Completed by designated audit staff position.	X	X	X	X	400	Financial; Operational;
MRA	NCAA	NCAA Compliance	Review to be determined in athletic compliances areas (e.g., coaching limits, student recruitment, coaching contracts, etc.).		X			200	Regulatory; Reputational; Compliance with Policies; Operational
MRA	STUDENTS	Residence Hall- Student Safety Practices	Review university policies and guidelines relating to the safety of students residing in university on-campus housing. The auditors will work closely with risk management, the university fire marshal and other university officials to evaluate completeness of current evacuation plans and other safety measures.		X			400	Student Safety; Operational; Compliance with Policies; Reputational
MRA	STUDENTS	Student Awareness and Training- Lab Safety	Student participation in research, including activities conducted in instructional and research lab facilities, is an important part of the student educational experience. Review the process mandating students attend laboratory safe practices training and assess whether these policy and university practices are being followed and enforced.		X	X	X	400	Student Safety; Operational; Compliance with Policies; Reputational

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



Heat Map Legend:

A heat map is a two-dimensional representation of data in which values are represented by colors.

Likelihood and Impact of Risk for each proposed audit are evaluated and plotted based on a 1 to 10 scale.

Audits that appear in green or yellow zones have a lower impact on the university and/or likelihood of occurrence, while audits that appear in orange or red zones have a greater impact on the university and/or likelihood of occurrence



Background Report

Committee: Audit

Date Filed: July 8, 2016

Title: UNT System Consolidated Quarterly Compliance Report, March 2016 through May 2016

Background:

This report represents the quarterly compliance actions for the University of North Texas System, University of North Texas, University of North Texas Health Science Center and the University of North Texas at Dallas from March 1, 2016 through May 31, 2016. Regular reporting of compliance actions to the UNT System Board of Regents is required by the United States Sentencing Commission's Federal Guidelines §8B2.1(b)(2)(A).

This quarterly report has been consolidated to reflect the compliance actions for all UNT System components. This report reflects the actions that management and each compliance function has taken to manage their highest risks.

Financial Analysis/History:

This is a report item only.

**Janet
Waldron**

Digitally signed by Janet Waldron
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Date: 2016.08.08 12:53:34 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Vice Chancellor/General Counsel

Schedule:

Reporting period March 2016 through May 2016

No action required. Information only. Submitted by:

Steven A. Hill I

UNT System Compliance Officer

Tracy C. Grunig Digitally signed by Tracy C. Grunig
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Chief Audit Executive

Lee Jackson Digitally signed by Lee Jackson
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Chancellor

Attachments Filed Electronically:

- UNT System Consolidated Quarterly Compliance Report, March 2016 through May 2016

UNT System Consolidated Quarterly Compliance Report March 2016 through May 2016



Section I. Organizational Actions

There were no significant actions that affected the Compliance program for this reporting period.

Section II. Compliance Risks

High-Risk #1: Electronic Information Handling (Information Technology Shared Services - ITSS)

Action Taken by Management:

- The ITSS information security office submits security reports each month to the Texas Department of Information Resources (DIR) in fulfillment of Texas Administrative Code (TAC) 202.73. Reports include instances of security violations involving UNT System component resources. Three required monthly reports were submitted to DIR this quarter.
- Texas Administrative Code 202.74(b)(2) requires institutions of higher education to introduce information security awareness and inform new employees of information security policies and procedures during the onboarding process. This material is presented to new employees as part of the online onboarding process facilitated by campus Human Resources. Security awareness training was provided to nineteen (19) new employees.
- IT support is provided to UNT System through Information Technology Shared Services.

Action Taken by System and/or Institutional Compliance:

- System and Institutional Compliance continue to partner with ITSS to identify opportunities to enhance the processes and procedures associated with information security and Electronic Information Handling.

High-Risk #2: Records Management and Retention (Office of Institutional Compliance)

Action Taken by Management and Records Management and/or Institutional Compliance

- The UNT Compliance Officer (and Chief Records Management Officer), the new Director of Institutional Records Management, and the Chief Records Management Representative continue to deliver records management and retention training to Records Management Representatives (RMRs) for UNT System Administration and campus units in addition to providing technical advice and guidance to management pertaining to complicated records management and retention questions and situations.
- The UNT Compliance Officer (and Chief Records Management Officer), the new Director of Institutional Records Management, and the Chief Records Management Representative continue to reinforce the Records Management Representative (RMR) network for UNT System Administration and campus units.

High-Risk #3: Required Compliance Related Training (Office of Institutional Compliance)

Action Taken by Management and/or System/Institutional Compliance

- System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its Compliance Awareness Training PowerPoint into web-based training.
- S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.
- UNT Risk Management Services, UNT System/UNT HR, UNT System IT Shared Services, and System/Institutional Compliance have finalized the framework of a manual software process which allows each campus to identify employees that have completed its mandatory compliance-related training and anyone still needing to do so.
- Compliance and Ethics partners representing UNT System Administration, UNT, and UNT Dallas, are discussing options with a third-party vendor that the UNTHSC uses to present certain mandatory compliance-related training.

High-Risk #4: I-9 Compliance (Associate Vice Chancellor for HR & Campus HR Director)

Action Taken by Management:

- System HR continues to monitor the number of I-9 Input Coordinators to reduce access risk.
- System Talent Acquisition is working with Information Technology Services (ITS) and Human Resources Information Services (HRIS) to test Version 3.0 of the I-9 input process, which reduces risk associated with sensitive document transmission.
- Version 3.0 of the I-9 input process will be reviewed by the Office of General Counsel for legal sufficiency following successful completion of testing. System Talent Acquisition plans to implement Version 3.0 no later than July 2016.

Action Taken by System and/or Institutional Compliance:

- System and Institutional Compliance continues to partner with UNT System/UNT HR to enhance current I-9 processing so that both processes (I-9 and E-Verify) are completed within the required time-frame.

Section III. Compliance Training

- System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its Compliance Awareness Training PowerPoint into web-based training.
- S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.

Section IV. Confidential and Other Complaint Reporting for UNT System

- UNT System maintains a web-based Compliance Hotline that allows anonymous or confidential reporting as required by the U.S. Federal Sentencing Guidelines.
- An analysis of the **nine (9) reports (via hotline)** received by UNT System during this quarter reveals the following breakdown of complaints:
 - **Three reports were received pertaining to inappropriate management behavior.** System/Institutional Compliance was unable to substantiate these allegations due to a lack of information.
 - **Three reports were received pertaining to alleged discriminatory practices.** System/Institutional Compliance was unable to substantiate these allegations due to a lack of information.
 - **One report was received pertaining to an alleged injury (for UNT).** This report was being addressed by UNT Risk Management Services.
 - **One report was received pertaining to an allegation of an inappropriate workplace environment.** System/Institutional Compliance was unable to substantiate this allegation due to a lack of information.
 - **One report was received for testing purposes.** This report was closed upon receipt.



Section I. Organizational Actions

There were no significant actions that affected the Compliance program for this reporting period.

Section II. Compliance Risks

High-Risk #1: Laboratory Inspections and Follow-up (Risk Management Services - RMS)

Action Taken by Management:

- Of the 234 laboratories inspected this quarter, one (1) laboratory required re-inspection to resolve the identified finding.
- The new Environmental Health & Safety (EHS) Assist software for all lab safety issues has been installed, and is being expanded into other areas of the Environmental Management section. Implementation occurred first in Radiation Safety. Implementation of lab permitting as outlined in the 3 year Lab Safety Plan continues.

Action Taken by Institutional Compliance:

- Institutional Compliance continues to attend regular meetings between Risk Management Services and other applicable UNT System and UNT risk partners to assist in resolving any findings and/or impairments identified during inspections as quickly as possible and identifying opportunities to enhance laboratory inspections and follow-up processes and procedures.
- Institutional Compliance (IC) and RMS have finalized the review of the laboratory inspection and follow-up process for UNT's most critical laboratories. IC and RMS have evaluated the efficiency of this process.
- As part of the laboratory inspection review, escalation procedures are being finalized to help assure that findings are addressed within the applicable period designated by RMS. The final draft is being staffed with the Provost and Vice President for Research, prior to academic committee review.

High-Risk #2: Emergency Planning & Preparedness and Business Continuity (Risk Management Services - RMS)

Action Taken by Management:

Emergency Planning & Preparedness and Business Continuity

- The Emergency Operation Center (EOC) is operational and the infrastructure (primarily installation of equipment) of the EOC is nearing completion. Amateur radio is scheduled for installation in June 2016 and a multi-service cellular repeater for July 2016.
- Training the campus community and appropriate personnel on proper emergency response protocol is a priority function of the EOC and the Emergency Management Team. This will be accomplished utilizing a number of methods, ranging from tabletop

exercises (TTX) to formal classroom training and informal presentations. A bomb threat TTX was conducted in May 2016, with representation from the UNT Police Department, University Relations Communications and Marketing (URCM), Coliseum, and Risk Management Services.

- Additional training took place in the form of formal Emergency Preparedness/Faculty Readiness training sessions that were conducted jointly with the UNT Police Department. Approximately 1,000 faculty members attended this training. These sessions were designed to educate faculty members on emergency preparedness and covered topics such as; severe weather; medical emergencies; fire and evacuation; campus carry policy/law; handling disruptive persons; responding to an active shooter; and, reporting incidents to the Police department.
- A coordinated presentation focusing on family preparedness in support of general campus community outreach efforts was presented by the Red Cross and was attended by personnel from a variety of departments on campus. Other activities of note include the development of an emergency preparedness mobile application that started this quarter. The application will provide easy and quick access to emergency related information, phone numbers, resources and general guidelines.

International Risk Management

- RMS is working with the System Travel Office, Internal Audit, and System Business Support Services to develop a section in the draft Travel Regulation that would require all staff, faculty, students, and volunteers to register their university related international travel in advance with the Travel Office. The draft Travel Regulation is on schedule to be reviewed for approval by the end of July 2016.
- The Travel Regulation will be designed to allow all entities of the University of North Texas System to take proactive measures to identify and control risk arising from approved and proposed University related international travel.

Action Taken by Institutional Compliance:

- Institutional Compliance continues to attend regular meetings between Risk Management Services and other applicable UNT System and UNT risk partners to assist in identifying opportunities to enhance Emergency Planning & Preparedness and Business Continuity processes and procedures.

High-Risk #3: Environmental Compliance (Risk Management Services - RMS)

Action Taken by Management:

- Environmental Management (ENVM) tested if salts, such as Calcium Chloride, will cause a breakdown of the emulsion and precipitate Fats, Oils, and Gases (FOG), onto the piping. ENVM confirmed that any escaping emulsions could separate after leaving the University's grease traps and potentially clog piping going to the City of Denton.
- The City of Denton will monitor UNT's grease traps every 3 years and completed first testing of the University's stadium and Gateway grease traps. UNT passed all testing.
- The Mercury scrubber was quickly brought back into service when recent City of Denton testing demonstrated that high Mercury and Copper levels were leaving the Chemistry outfall. The initial cause for the high values was determined to be limestone in the acid neutralization pit that were breaking down and clogging the outfall. Once the Mercury scrubber was repaired, the Notice of Violations (NOVs) were resolved.

Action Taken by Institutional Compliance:

- Institutional Compliance regularly meets with Risk Management Services and other applicable UNT System and UNT risk partners and the City of Denton (as applicable) in preventing exceeding RCRA metals, FOG, or other applicable thresholds.

High-Risk #4: Radiation Safety (Risk Management Services - RMS)**Action Taken by Management and Institutional Compliance:**

- The Texas Department of State Health Services (TDSHS) requested that ENVM streamline the radiation license to include new requirements which is currently in progress. ENVM presented those changes to TDSHS and those have been accepted.
- With the loss of the Radiation Safety Officer (RSO) recently, RMS is submitting changes to the current license to temporarily put the Director of ENVM as acting RSO until one can be hired.
- Institutional Compliance regularly meets with Risk Management Services and other applicable UNT System and UNT risk partners to ensure the program is in compliance with state radiation safety regulations.

High-Risk #5: Research Conflict of Interest - COI (Office of Research Integrity & Compliance)**Action Taken by Management:**

- This risk has been thoroughly mitigated by instituting new procedures to begin FY 2017. The Office of Research Integrity and Compliance (ORIC) has streamlined the process and procedures associated with having FY 2017 disclosures reviewed and completed within 30-60 days after submission for the annual disclosure process. This includes the completion of any required COI Management Plans.
- In terms of funded projects, ORIC will interface with the Office of Grants and Contracts Administration to ensure that all Covered Individuals on any funded project: (1) have completed the required COI training, (2) have a current financial disclosure that has been reviewed and approved, and (3) have a Management Plan for any conflict of interest and has been approved by the Conflict of Interest Committee, Research Integrity Officer, and the Vice-President for Research and Economic Development.

Action Taken by Institutional Compliance:

- Institutional Compliance continues to work with division management to assist with identifying opportunities to enhance Research Conflict of Interest processes and procedures. This risk may be resolved during the first quarter of FY 2017.

High-Risk #6: Time and Effort Reporting (Office of Grants & Contracts Administration)**Action Taken by Management:**

- Effort reports for fall 2015 (FY 2016) were distributed in May 2016. The reporting period is 6 months (9/1/2015 – 2/29/2016) due to the new chart of account upgrade. 68% of effort reports have been completed. Summer 2015 effort reporting stands at 99% completed. The Office of Grants & Contracts Administration is following-up on the outstanding disclosure(s).

Action Taken by Institutional Compliance:

- Institutional Compliance continues to work with the Associate Director of Grants & Contracts Administration and the Senior Grants and Contracts Specialist responsible for time and effort reporting to enhance ongoing time and effort reporting goals and objectives, including possibly automating the cost sharing process.

High-Risk #7: Grants Management (Office of Grants & Contract Administration – OGCA)

Action Taken by Management and Institutional Compliance:

- The Director of Research Integrity and Compliance has informed Institutional Compliance that this risk has been addressed as all units continually and regularly interface regarding sponsored projects.
- Institutional Compliance will meet with the Director of Research Integrity and Compliance and division executive management to determine whether this risk should be removed from the UNT High-Risk list.

High-Risk #8: Electronic Information Handling (University Information Technology and Information Technology Shared Services - ITSS)

Action Taken by Management:

- The ITSS information security office submits security reports each month to the Texas Department of Information Resources (DIR) in fulfillment of Texas Administrative Code (TAC) 202.73. Reports include instances of security violations involving UNT System component resources. Three required monthly reports were submitted to DIR this quarter.
- Texas Administrative Code 202.74(b)(2) requires institutions of higher education to introduce information security awareness and inform new employees of information security policies and procedures during the onboarding process. This material is presented to new employees as part of the online onboarding process facilitated by campus Human Resources. Security awareness training was provided to four hundred and six (406) new employees.
- IT support is provided to UNT either directly or indirectly via UNT System IT Shared Services, UNT University Information Technology, and distributed IT staff in the various Colleges and Departments.

Action Taken by System and/or Institutional Compliance:

- System and Institutional Compliance continue to partner with System and campus IT assets to identify opportunities to enhance the processes and procedures associated with information security and Electronic Information Handling.

High-Risk #9: Health Insurance Portability and Accountability Act (HIPAA) Compliance (Office of Institutional Compliance)

Action Taken by Management and Institutional Compliance:

- Institutional Compliance continues to coordinate with UNT System Administration, UNT, and UNT Dallas units to ensure that all applicable units are designated as health care components, with other applicable units that touch personally identifiable health information, having to comply with other privacy protections in accordance with applicable Health Information Technology for Economic and Clinical Health (HITECH) Act requirements.

- Institutional Compliance continues to work with UNT System Administration, UNT, and UNT Dallas units to ensure that each component unit has a HIPAA Security and Privacy Officer.

High-Risk #10: Records Management and Retention (Office of Institutional Compliance)

Action Taken by Management and Records Management and/or Institutional Compliance

- The UNT Compliance Officer (and Chief Records Management Officer), the new Director of Institutional Records Management, and the Chief Records Management Representative continue to deliver records management and retention training to Records Management Representatives (RMRs) for UNT System Administration and campus units in addition to providing technical advice and guidance to management pertaining to complicated records management and retention questions and situations.
- The UNT Compliance Officer (and Chief Records Management Officer), the new Director of Institutional Records Management, and the Chief Records Management Representative continue to reinforce the Records Management Representative (RMR) network for UNT System Administration and campus units.

High-Risk #11: Having policies, procedures, and/or practices in place that may not provide protection of minors participating in UNT related activities (Risk Management Services and Office of Institutional Compliance)

Action Taken by Management and Institutional Compliance:

- UNT Risk Management Services (RMS) has changed vendors but it continues to make the 3rd party web based Child Molestation Awareness Training available to UNT employees requiring this training. RMS is still considering additional options for hosting and tracking the in-house state-approved Child Molestation Awareness Training that it developed.
- UNT Risk Management Services, UNT System/UNT HR, UNT System IT Shared Services, and System/Institutional Compliance have finalized the framework of a manual software process which will allow UNT to identify employees that have completed its Child Molestation Awareness Training and anyone still needing to do so.

High-Risk #12: Required Compliance Related Training (Office of Institutional Compliance)

Action Taken by Management and/or System/Institutional Compliance

- System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its Compliance Awareness Training PowerPoint into web-based training.
- S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.
- UNT Risk Management Services, UNT System/UNT HR, UNT System IT Shared Services, and System/Institutional Compliance have finalized the framework of a manual software process which allows each campus to identify employees that have completed its mandatory compliance-related training and anyone still needing to do so.
- Compliance and Ethics partners representing UNT System Administration, UNT, and UNT Dallas, are discussing options with a third-party vendor that the UNTHSC uses to present certain mandatory compliance-related training.

High-Risk #13: I-9 Compliance (Associate Vice Chancellor for HR & Campus HR Director)

- UNT Human Resources and Recreation Center personnel are assisting in the testing of Version 3.0 of the I-9 input process.
- UNT has purchased dedicated desktop scanners for the I-9 input coordinators on campus and will begin deployment of the scanners by the end of June 2016.

Action Taken by System and/or Institutional Compliance:

- System and Institutional Compliance continue to partner with UNT System/UNT HR to enhance current I-9 processing so that both processes (I-9 and E-Verify) are completed within the required time-frame.

Section III. Compliance Training

- System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its Compliance Awareness Training PowerPoint into web-based training.
- S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.

Section IV. Confidential and Other Complaint Reporting for UNT

- UNT maintains a web-based Compliance Hotline that allows anonymous or confidential reporting as required by the U.S. Federal Sentencing Guidelines.
- An analysis of the **seven (7) reports (via hotline)** received by UNT during this quarter reveals the following breakdown of complaints:
 - **There were three (3) reports received pertaining to fraudulent practices.** These reports were being handled by Internal Audit and Human Resources.
 - **There was one (1) report received pertaining to alleged inappropriate management behavior (for UNT Dallas).** System/Institutional Compliance was unable to substantiate this allegation due to a lack of information.
 - **There was one (1) report received pertaining to an alleged accident.** Institutional Compliance consulted with UNT Police and closed this report.
 - **There was one (1) report received pertaining to an allegation of discriminatory practices (for UNT System).** System/Institutional Compliance was unable to substantiate this allegation due to a lack of information.
 - **There was one (1) report received for testing purposes.** This report was closed upon receipt.

Section I. Organizational Actions

There have been significant changes in staffing in the Office of Institutional Compliance. The Chief Compliance and ERM Officer's last day at UNTHSC is September 2, 2016. The Senior Compliance Manager resigned on May 31, 2016. Two employees who provided monitoring and auditing services to UNTHSC transferred to a different UNTHSC department in June, 2016.

Section II. Risk Assessment Monitoring Activities Conducted by Individual Compliance Divisions

The Institutional Compliance Office receives quarterly reports from the Compliance Divisions on all low, medium and high risks identified during the fiscal year 2015-16 risk assessments. The Third Quarter actions taken by UNT Health Science Center (UNTHSC) to address the UNTHSC Compliance high-risks are below:

High-Risk #1: Billing and Coding in Compliance with State and Federal Law (Clinical Division)

Description: Review of sample medical records of Medicare and Medicaid patients to confirm that the documentation supports the bill. (No report – The Senior Compliance Manager has resigned, and the remaining 2 employees transferred to a different dept.)

High-Risk #2: Unauthorized Access to Protected Institutional Data/HIPAA Privacy and Security (Information Resources Technology Division)

Description: UNTHSC monitors actions taken to protect and prevent unauthorized access to Institutional Data and Protected Health Information ("PHI"), including data within UNTHSC's information technology systems.

Action Taken by Management:

- Institutional Laptop Encryption Project – The laptop encryption rollout efforts are currently ongoing.
 - Approximately 48% of UNTHSC issued laptops have been encrypted. Information Technology Services (ITS) is currently working on an action plan for outstanding laptops.
- Review of Office 365 OneDrive Security - The UNTHSC ITS Department, working with UNT System IT Shared Services, is performing a security evaluation of the Microsoft Office 365 OneDrive product as a possible enterprise solution for institutional file storage and sharing.
 - Latest update: The existing product and available feature set is not ready for UNTHSC enterprise-wide rollout due to mobile security related risks and the inability to prevent downloading of Institutional data to employee personal and/or unmanaged, untrusted devices. Awaiting additional security features to be made available within Microsoft OneDrive for possible re-evaluation (expected in the spring of 2016).
- Mobile Device Security Enhancements - This project involves the discovery, evaluation and piloting of a mobile device management solution that can be deployed to protect Institutional data that is downloaded to faculty/staff personal mobile devices.

- Latest update: Based on discovery work that ITS (UNTHSC) and ITSS (UNT System) have collaborated on, the mobile device management options available within the Microsoft Office 365 suite of products look to offer a viable solution for controlling the risk of mobile devices for conducting UNTHSC business. This effort has been on hold during this quarter due to an issue on the vendor (Microsoft) side that is preventing this feature set from being available to UNTHSC. ITSS is currently pursuing resolution.
- Enterprise Encrypted Messaging - While stand-alone encrypted messaging products such as TigerText and Accellion are currently in use by specific departments at UNTHSC, an enterprise-wide solution would be more ideal. Project scope includes the discovery, evaluation and roll out of an enterprise secure messaging solution for UNTHSC.
 - Latest update: Microsoft Office Message Encryption (#HSCSecure) was selected as a viable (both from a cost and functionality perspective) enterprise solution for secure messaging at UNTHSC and has been rolled out to UNTHSC.
- Security Review of Enterprise Web Forms – A risk assessment and security review of existing UNTHSC web forms publishing technologies and associated customer workflow are currently in the beginning stages. Estimated completion date of the risk assessment is June 30, 2016. This effort aims to identify current risks and possible mitigation actions for additional controls that should be implemented. Risks that were immediately identified have already been mitigated.
- The following activities capture ongoing risk management efforts that are built into the UNTHSC IT Security Program:
 - Training classes and new employee orientations include computer policies and security awareness training. "Refresher" training is delivered to existing staff on an annual basis. Compliance rate for most recently concluded "refresher" training is 100%.
 - Password security policies electronically enforced including use of strong passwords and changing passwords every 12 months.
 - Windows server 2003 (legacy platform) retirement – In progress
 - New Intrusion Detection System implementation – In progress

Action Taken by Compliance:

- The Institutional Compliance Office works closely with the Director of Infrastructure and Security to provide support for compliance activities as needed and is responsible for UNTHSC HIPAA training. The Office of Institutional Compliance monitors access to the UNTHHealth electronic medical record to confirm access is appropriate based upon role of user.

High-Risk #3: Non-Compliance with Center for Medicaid and Medicare Services ("CMS") 1115 Waiver Requirements (Strategy Division)

Description: The CMS 1115 waiver projects are Medicaid incentive payment programs designed to improve access to and quality of medical care for Medicaid and indigent patients. Incentive payments are awarded based upon meeting target results of selected quality measures. UNTHSC monitors compliance with 1115 waiver requirements.

Action Taken by Management:

- An 1115 Waiver Steering Committee has been formed and meets on a quarterly basis to discuss any potential compliance issues with CMS and/or the Texas Health and Human Services Commission ("HHSC"). The 1115 Waiver management team also meets with the project leads, the Office of Grants and Contracts, clinical operations personnel and the Offices of Institutional Compliance and Quality and Risk Management on a regular basis to build awareness and discuss potential compliance issues before they arise. The 1115 Waiver management team also works with the Offices of Institutional Compliance and Quality and Risk Management to conduct regular audits of patient outcome data in order to minimize risks and potential issues.
 - UNTHSC timely submitted measurement data to the Texas HHSC.

Action Taken by Compliance:

- The Institutional Compliance Office works closely with the Executive Director of Strategic Alignment to provide support for compliance activities as needed. The Chief Compliance and Enterprise Risk Management Officer is involved in key meetings and reviews and signs off on the data submitted to HHSC.

High-Risk #4: Title IX Compliance (Student Affairs Division) (This risk will be reduced to "Medium" for the next FY.)

*Description: Title IX of the U.S. Education Amendments of 1972 protects people from discrimination based upon sex in education programs or activities that receive financial assistance. UNTHSC monitors compliance with Title IX requirements. *This risk has been lowered from High to Medium due to the mitigation actions taken during the first and second quarters.*

Action Taken by Management:

- The UNT Health Science Center has designated Dr. Trisha Van Duser as the Campus Title IX Coordinator. Dr. Van Duser and eight other members of the Division of Student Affairs have attended Title IX Investigator Training and Title IX Coordinator Training in October 2015, December 2015, January 2016, and February 2016. Dr. Van Duser has also updated our Student Code of Conduct, Sexual Harassment, and Consensual Relationship policies to reflect changes in the law based on Title IX. Student Conduct and Title IX investigations are now separated and function independently to avoid any perceived conflicts of interest.
- On-going Title IX training is required of all faculty, staff and students.

Action Taken by Compliance:

- The Institutional Compliance Office works closely with the Vice President of Student Affairs to provide support for compliance activities as needed. The Institutional Compliance Office assisted Student Affairs in developing Title IX training.
- This risk is no longer considered a high-risk to the institution and is being moved to the UNTHSC Control Risk list. This risk will no longer be included in this report for FY 2017.

High Risk #5: Distance Education (Academic Affairs Division)

Description: Distance Education is highly regulated by state and federal law. UNTHSC monitors compliance with regulatory requirements.

Action Taken by Management:

- The Distance Education Course Development and Release Procedures Policy addressing distance education (DE) at UNTHSC was approved January 20, 2016. According to that policy, faculty planning to offer DE towards a degree or certificate awarded through the UNTHSC must obtain approval to do so through the University's Distance Education Committee (DEC).
- The UNTHSC will adhere to rules and notification procedures established by the Texas Higher Education Coordinating Board (THECB) for the conduct and approval of distance education including the *THECB Principles of Good Practice for Academic Degree and Certificate Programs and Credit Courses Offered Electronically and Approval of Distance Education, including Off-Campus Course and Programs*.
- The DEC and the Center for Innovative Learning (CIL) work with faculty from the five colleges/schools at UNTHSC to assure that curriculum and instruction provided through distance education are appropriate to the requirements listed above. In addition, course and instructional activities are required to be appropriately evaluated for educational effectiveness, including assessments of student learning outcomes, student retention, and student satisfaction.
- Access to DE materials is restricted to properly enrolled students who possess a unique login identifier which has been assigned to them by the UNTHSC. Login identifiers shall only be provided to students who have been properly registered and who have been approved to participate in online courses by the respective academic school/program.
 - All requests to deliver DE materials for academic credit must be routed through the CIL for review and ultimately through the DEC for approval.
- No internal or external audits have been conducted, however a plan is in place to conduct a review of all DE courses and activities being offered through UNTHSC during FY 2016.

Action Taken by Compliance:

- The Institutional Compliance Office works closely with the Interim Director of Center for Innovative Learning to provide support for compliance activities as needed.

High-Risk #6: Human Resources (“HR”) Policy Project (Human Resources) (This risk will be reduced to “Medium” for the next FY.)

Description: UNTHSC HR campus policies are undergoing review and revision to support and outline HR best practices. UNTHSC monitors status of HR's policy project.

Action Taken by Management:

- Human Resources has a total of fifty-two (52) policies that need review.
- Human Resources has reviewed and updated ten (10) policies. They have been submitted to the Office of General Counsel and are waiting for approval. Five (5) policies have been reviewed and recommended to the Office of General Counsel for removal.
- This risk is no longer considered a high-risk to the institution and is being moved to the UNTHSC Control Risk list. This risk will no longer be included in this report for FY 2017.

Action Taken by Compliance:

- The Institutional Compliance Office works closely with the Director of Human Resources and the Assistant Director of Policy and Records Management to provide support for compliance activities as needed.

High-Risk #7: Time and Effort Reporting (Research Grants and Contracts)

Description: Time and Effort Reporting certification is required to substantiate salaries and benefits charged to sponsored grants and research by UNTHSC. UNTHSC monitors compliance with regulatory requirements. (NOTE: This risk has been elevated from "Medium" to "High".)

Action Taken by Management:

- UNTHSC is working with the Office of General Counsel ("OGC") to address discrepancies in time and effort reporting.
- The Office of Grants and Contracts Management ("OGCM") has established comprehensive, annual mandatory sponsored project compliance training for key employees involved in any aspect of research. OGCM will continue to provide mandatory one-on-one training on federal and state regulatory requirements, specific sponsor processes, terms and conditions, and refresher training on roles and responsibilities for specific awards prior to approving a sponsored project.
- OGCM established a monthly meeting to train Department Administrators on policies and processes governing sponsored projects.
- OGCM established Project Initiation Meetings (PIMs) for PIs and Department Administrators. A procedure and form was developed to steer the meetings. The PI and Department Administrator are required to attend this meeting in order to get a Project Identification number that allows them to initiate expenditures on the project. Meetings are scheduled upon receipt of a new or continuation award.
- OGCM, under the direction of the OGC and in conjunction with Deloitte, performed a probe audit on a sample of federal and state awards to review for time and effort reporting compliance. Ongoing monitoring will occur going forward on a semi-annual basis.
- OGCM defined actions that can be taken for non-compliance with research policies and procedures, including (1) barring employees from submitting proposals, (2) reducing or eliminating Facilities and Administration returns, and (3) freezing one or all active projects.
- OGCM is continuing to work with ITSS to develop IT functionality to increase the efficiency of monitoring, reviewing, and collecting of time and effort reports.
- The Effort Reporting Process was selected as a Continuous Improvement project by UNTHSC and TSI, the outside consultant.

Action Taken by Compliance:

- The Institutional Compliance Office works closely with the Assistant VP of Research Administration to provide support for compliance activities as needed. The Chief Compliance and ERM Officer is assisting the OGCM in establishing ongoing compliance monitoring.

Section III. Compliance Training and Additional Monitoring

Compliance Training: The Office of Institutional Compliance provides training to new employees and students and annual training. (No Report – Senior Compliance Manager resigned.)

Additional Monitoring:

Each quarter, the Institutional Compliance Office selects certain areas to monitor in addition to monitoring the quarterly risk reports received from the Compliance Divisions. The following areas were monitored during the second quarter. (No Report – Senior Compliance Manager resigned.)

Section IV. Compliance Reports

UNTHSC maintains a Compliance Hotline system with a third party vendor that allows a person to report a compliance matter or file a complaint anonymously and confidentially. The Compliance Hotline is managed by the Institutional Compliance Office. In addition, the Institutional Compliance Office receives complaints or becomes aware of compliance matters through email, by telephone or in person.

The Ethics Hotline information, which includes the hotline telephone number and information on how to report a violation, is posted on Institutional Compliance Office's website, UNTHSC's website and on signs through-out the campus. The Institutional Compliance Office provides Ethics Hotline handouts to new employees through the Human Resources orientation process.

100% of Hotline reports were dispatched to the appropriate division within 24 hours of notification. Measure of Success is within 48 hours.

FY 2013-14 Outstanding Reports

- **One** Clinical report – (In Person)
 - Billing issue – (Texas Health Steps) - Referred to the Office of General Counsel –
Resolved – with Merit

FY 2014-15 Outstanding Reports

- **One** Academic Affairs report – (1 – Hotline)
 - Inappropriate relations allegation – Referred to the Office of General Counsel –
In Progress
- **One** Clinical report – (1 – In Person)
 - Outstanding UNTHSC invoices for hospital Program Director Services – **In Progress**
- **One** Research report – (1 – In Person)
 - Monitoring a Research Integrity investigation by OIG and time and effort investigation by OGC– **In Progress – Managed by the Office of General Counsel**

FY 2016 Second Quarter Outstanding Reports

- **Two** Human Resources reports – (1 – In Person, 1 UNT System Hotline)
 - A resigned physician reported an issue through the State Auditor's Office (SAO) regarding the off-boarding payroll process and an overpayment he received. – **Resolved – with Merit** (In Person – SAO)
 - A report was filed with the UNT System Hotline regarding hiring fraud and abuse. – **In Progress, Managed by Internal Audit** (UNT System Hotline)
- **One** Clinical – (In Person)
 - A provider contacted the Chief Compliance Officer regarding a letter received from the Office of the Assistant Secretary of Defense – Health Affairs related to a concern about prescriptions written by the provider for Tricare patients – **In Progress, Managed by the Office of General Counsel**

Third Quarter Reports – March 1, 2015 to May 31, 2016

UNTHSC received the following three (3) reports during the third quarter:

- **One** Research/Clinical Report – (In Person)
 - A Principal Investigator (Physician) obtained IRB approval for a clinical trial but began the research before contract was in place. **In Progress**
- **One** Institutional Compliance (1 – In Person)
 - The Chief Compliance and ERM Officer filed a complaint with the State Auditor's Office alleging impropriety by the Office of General Counsel when it intervened and prevented the Office of Internal Audit from generating a report of the review the Chief Internal Auditor conducted of the UNTHSC Compliance Program in February 2015. **In Progress**
- **One** Strategy Division – (In Person)
 - UNTHSC received a letter from HHSC alleging a potential HIPAA violation in data submitted through the 1115 Waiver program. **Resolved – No Merit**

Section I. Organizational Actions

There were no significant actions that affected the Compliance program for this reporting period.

Section II. Compliance Risks

High-Risk #1: Emergency Planning & Preparedness and Business Continuity (UNT Dallas Police Chief and UNT Risk Management Services, as applicable)

Action Taken by Management:

- UNT Dallas Police Chief continues to conduct emergency preparedness training for applicable UNT Dallas and Law School personnel, which includes students and new employees. The training includes weather related evacuations, Senate Bill 11 (Campus Carry), and active shooter situations.
- UNT Dallas Police Chief has worked with UNT Risk/Emergency Management to develop emergency management placards.
- UNT Dallas continues to coordinate with vendors to address parking/exterior campus lighting and camera objectives.

Action Taken by System and/or Institutional Compliance:

- System and Institutional Compliance continues to meet regularly with the UNT Dallas Chief of Police and UNT Risk Management Services as applicable to identify opportunities to enhance emergency planning & preparedness and business continuity processes and procedures at UNT Dallas.
- System and Institutional Compliance worked with the UNT Dallas Police Chief to complete the initial Safety and Security Audit for UNT Dallas. UNT Dallas has developed, implemented, and continues to use its Emergency Management Plan, which addresses multiple hazards and is in-compliance with Texas Education Code, Title 3, Chapter 51, section 51.217. UNT Dallas will need to formalize training attendance documentation and incorporate revisions that are included in its working copy of the Emergency Management Plan into its formal version of the same plan.

High-Risk #2: Electronic Information Handling (Information Technology Shared Services - ITSS)

Action Taken by Management:

- The ITSS information security office submits security reports each month to the Texas Department of Information Resources (DIR) in fulfillment of Texas Administrative Code (TAC) 202.73. Reports include instances of security violations involving UNT System component resources. Three required monthly reports were submitted to DIR this quarter.
- Texas Administrative Code 202.74(b)(2) requires institutions of higher education to introduce information security awareness and inform new employees of information security policies and procedures during the onboarding process. This material is presented

to new employees as part of the online onboarding process facilitated by campus Human Resources. Security awareness training was provided to four (4) new employees.

- IT support is provided to UNT Dallas through Campus Technology Support Services.

Action Taken by System and/or Institutional Compliance:

- System and Institutional Compliance continue to partner with Campus Technology Support Services and ITSS to identify opportunities to enhance the processes and procedures associated with information security and Electronic Information Handling.

High-Risk #3: Grants Management (UNT Dallas Grants Writer & Administrator and UNT's Office of Grants & Contract Administration, as applicable)

Action Taken by Management:

- The UNT Dallas Grants Writer & Administrator continues to frequently communicate with the management and staff of UNT's Division of Research and Economic Development to ensure compliance with proposal submissions, award management, research compliance, and all other research related topics.
- The UNT Dallas Grants Writer & Administrator continues to review procedures and processes so as to enhance the ease of UNT Dallas faculty being able to take advantage of the research related services available to them by both UNT and UNT Dallas.

Action Taken by System and/or Institutional Compliance:

- System/Institutional Compliance continues to work with the UNT Dallas Grants Writer & Administrator, management and staff of UNT's Division of Research and Economic Development (which includes the Office of Grants & Contract Administration, the new Director of Research Integrity and Compliance, and the Associate VP of Research and Economic Development) to identify opportunities to enhance sponsored project management goals and objectives.

High-Risk #4: Having policies, procedures, and/or practices in place that may not provide protection of minors participating in UNT Dallas related activities (UNT Dallas Police Chief, UNT Risk Management Services, and Institutional Compliance)

Action Taken by Management and System/Institutional Compliance:

- UNT Risk Management Services (RMS) has changed vendors but it continues to make the 3rd party web based Child Molestation Awareness Training available to UNT Dallas employees requiring this training. RMS is still considering additional options for hosting and tracking the in-house state-approved Child Molestation Awareness Training that it developed.
- UNT Risk Management Services, UNT System/UNT HR, UNT System IT Shared Services, and System/Institutional Compliance have finalized the framework of a manual software process which will allow UNT Dallas to identify employees that have completed its Child Molestation Awareness Training and anyone still needing to do so.

High-Risk #5: Records Management and Retention (Office of Institutional Compliance)

Action Taken by Management and Records Management and/or Institutional Compliance

- The UNT Compliance Officer (and Chief Records Management Officer), the new Director of Institutional Records Management, and the Chief Records Management Representative continue to deliver records management and retention training to Records Management Representatives (RMRs) for UNT System Administration and campus units in addition to providing technical advice and guidance to management pertaining to complicated records management and retention questions and situations.
- The UNT Compliance Officer (and Chief Records Management Officer), the new Director of Institutional Records Management, and the Chief Records Management Representative continue to reinforce the Records Management Representative (RMR) network for UNT System Administration and campus units.

High-Risk #6: Required Compliance Related Training (Office of Institutional Compliance)

Action Taken by Management and/or System/Institutional Compliance

- System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its Compliance Awareness Training PowerPoint into web-based training.
- S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.
- UNT Risk Management Services, UNT System/UNT HR, UNT System IT Shared Services, and System/Institutional Compliance have finalized the framework of a manual software process which allows each campus to identify employees that have completed its mandatory compliance-related training and anyone still needing to do so.
- Compliance and Ethics partners representing UNT System Administration, UNT, and UNT Dallas, are discussing options with a third-party vendor that the UNTHSC uses to present certain mandatory compliance-related training.

Section III. Compliance Training

- System/Institutional Compliance (S/IC) has revised its Compliance Awareness Training that is designed for UNT System Administration, UNT, and UNT Dallas employees to complete. S/IC is working with one of its unit partners to convert its Compliance Awareness Training PowerPoint into web-based training.
- S/IC continues to develop and finalize Ethics Training that will serve as companion training to the Compliance Awareness Training.

Section IV. Confidential and Other Complaint Reporting for UNT Dallas

- UNT Dallas maintains a Compliance Hotline reporting system that allows anonymous or confidential reporting as required by the U.S. Federal Sentencing Guidelines.
- An analysis of the **five (5) reports (via hotline)** received by UNT Dallas during this quarter reveals the following breakdown of complaints:

- **Two reports were received pertaining to inappropriate management behavior.** System/Institutional Compliance was unable to substantiate these allegations due to a lack of information.
- **One report was received pertaining to inappropriate management behavior.** This report was addressed by executive management.
- **One report was received pertaining to an alleged inappropriate policy change.** This report was addressed by executive management.
- **One report was received for testing purposes.** This report was closed upon receipt.



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MINUTES

BOARD OF REGENTS Finance and Facilities Committee May 19-20, 2016

The Finance and Facilities Committee of the Board of Regents of the University of North Texas System convened on Thursday, May 19, 2016, in Room 712, UNT System Building, 1901 Main St, Dallas, Texas, with the following members in attendance: Regents Don Potts, Glen Whitley and Laura Wright.

There being a quorum present the meeting was called to order by Acting Committee Chairman Potts at 1:30 p.m. The minutes of the February 25-26 Finance and Facilities Committee meeting were approved on a 3-0 vote following a motion by Regent Glen Whitley seconded by Regent Laura Wright.

Chair Potts asked Vice Chancellor Janet Waldron to give the Committee an update on the **Budget to Actual Performance**.

The Committee then heard a series of reports that together provided the **Financial Transformation Update: Overview**, presented by Vice Chancellor Waldron, **Reconciliation Status**, presented by Associate Vice Chancellor and Controller Dan Stephens, **IT Security Work**, presented by ERP Application Development Director Robert Jones, **Staff Training Plan**, presented by Associate Vice Chancellor for Business Services Donna Asher, **Board Governance/Education**, presented by Shawn Kilchrist, Advisory Director, Deloitte, and **Internal Audit Update**, presented by Chief Audit Executive Tracy Grunig.

The final briefing of the afternoon was a discussion of **Advancement Opportunities at the Dallas Municipal Building**, presented by Chancellor Lee Jackson, UNT Dallas President Bob Mong, UNT Dallas College of Law Dean Royal Furgeson, and UNT Dallas College of Law Director of Development Derrick Morgan.

There being no further business, the Committee meeting recessed at 3:46 p.m. until the following day.

Friday, May 20, 2016

The Finance and Facilities Committee of the Board of Regents of the University of North Texas System convened on Friday, May 20, 2016, in Room 712, UNT System Building, 1901 Main St, Dallas, Texas, with the following members in attendance: Regents Don Potts, Glen Whitley and Laura Wright.

There being a quorum present, the meeting was called to order by Acting Committee Chairman Potts at 9:13 a.m.

Chair Potts noted that there were five action items on the agenda. The first was presented by Associate Vice Chancellor James Mauldin.

10. UNTS Adoption of Resolution Authorizing Cash Defeasance of Series 2012A Bonds

Pursuant to a motion by Regent Laura Wright and seconded by Regent Glen Whitley, the Committee approved the above item on a 3-0 vote.

Associate Vice Chancellor Mauldin also presented the next action item.

11. UNTS Twenty-Second Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Forward Delivery Series 2018; and Approving and Authorizing Instruments and Procedures Relating Thereto

Pursuant to a motion by Regent Glen Whitley and seconded by Regent Laura Wright, the Committee approved the above item on a 3-0 vote.

The next action item was a request to amend the UNT System FY 16 Capital Improvement Plan, which was presented by Vice Chancellor James Maguire.

12. UNTS Authorization to Amend the UNTS FY16 Capital Improvement Plan to Renovate the First Floor of Sage Hall

Pursuant to a motion by Regent Laura Wright and seconded by Regent Glen Whitley, the Committee approved the above item on a 3-0 vote.

The next action item was a request from UNT to approve an increase in the recreational facility fee, which was presented by Vice President for Student Affairs Elizabeth With.

13. UNT Request for Increase of the Recreational Facility Fee

After extensive discussion and pursuant to a motion by Regent Glen Whitley and seconded by Regent Laura Wright, the Committee approved the above item on a 3-0 vote.

The final action item of the afternoon was presented by UNT President Neal Smatresk.

14. UNT

Delegation of Authority to Negotiate and Execute a Multi-Year Agreement for UNT with the Dallas Cowboys

Pursuant to a motion by Regent Glen Whitley and seconded by Regent Laura Wright, the Committee approved the above item on a 3-0 vote.

There being no further business, the Committee meeting adjourned at 9:47 a.m.

Submitted By:

Rosemary R. Haggett

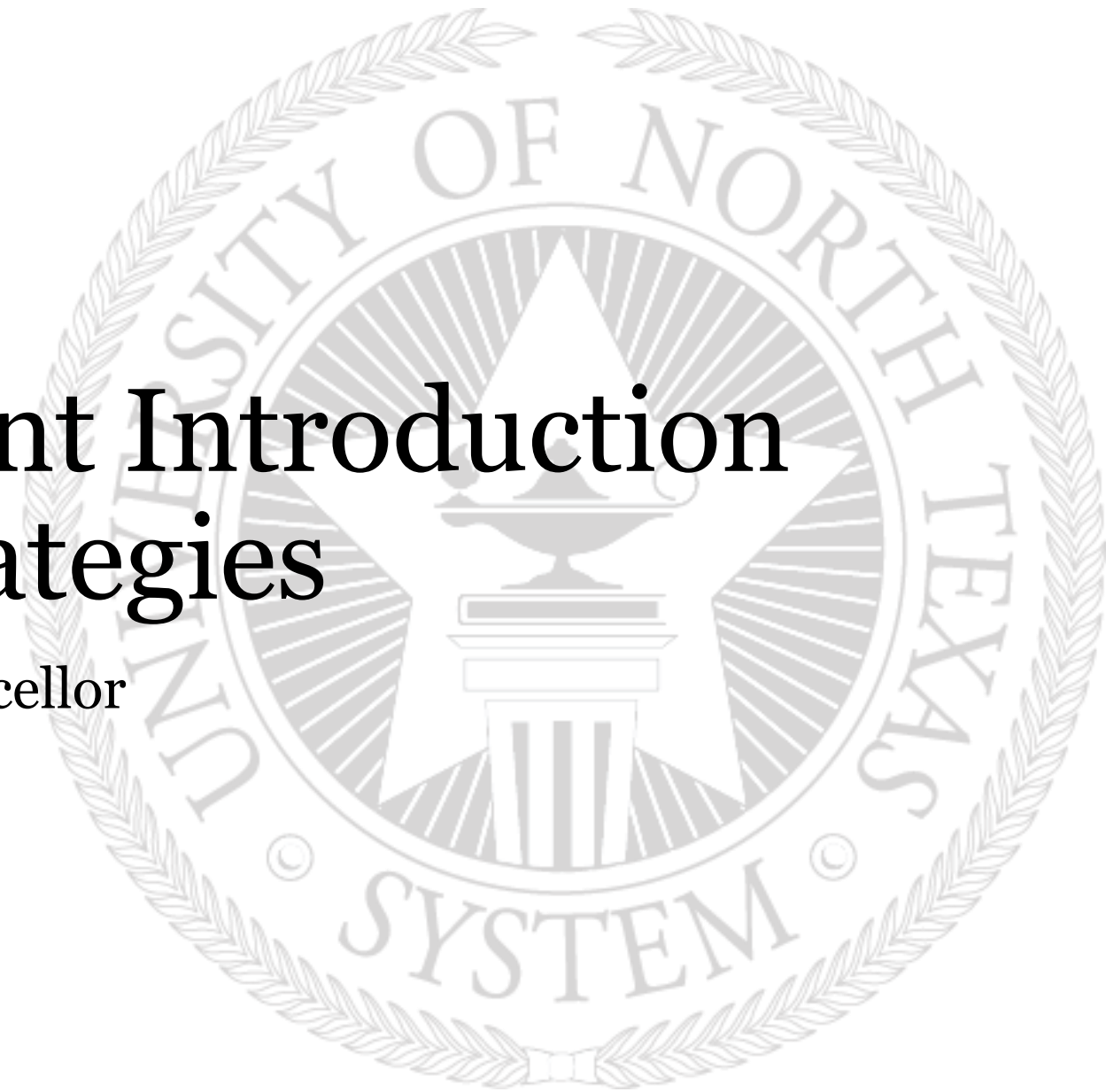
Rosemary R. Haggett
Board Secretary

Date: June 7, 2016

Risk Management Introduction & Insurance Strategies

Presented by: Lee Jackson, Chancellor

Date: August 18, 2016



System-Wide Risk Management

The UNT System has inherent risks that all higher education entities and \$1 billion business operations face:

- Life Safety, Crime and Students
- Environment and Natural Disasters
- Finance and Fraud
- Information Technology
- Property, Casualty and Insurance
- Emergency Preparedness and Business Continuity

UNTS Board of Regents, System leadership and campus leaders will **regularly** review key risk plans in board meetings to ensure best practices and accountability.

Annual Board Calendar

August, 2016

Risk Management and Insurance Strategies

November, 2016

Crime Statistics and Safety Strategies

February, 2017

IT Security Data, Strategies, and Auditing

May, 2017

Emergency Preparedness & Business Continuity

Risk Type

Who Manages Risk?

Who Reviews Compliance?

Risk Management /
Insurance Strategies

- UNT Risk Management Services
- UNTHSC Healthcare Quality & Risk Management

- UNTS Internal Audit, various state and federal agencies

Crime Statistics / Safety
Strategies

- Campus Police
- Chief Financial Officers

- US Dept. of Education

IT Security Data, Strategies,
and Auditing

- IT Shared Services

- UNTS Internal Audit

Emergency Preparedness /
Business Continuity

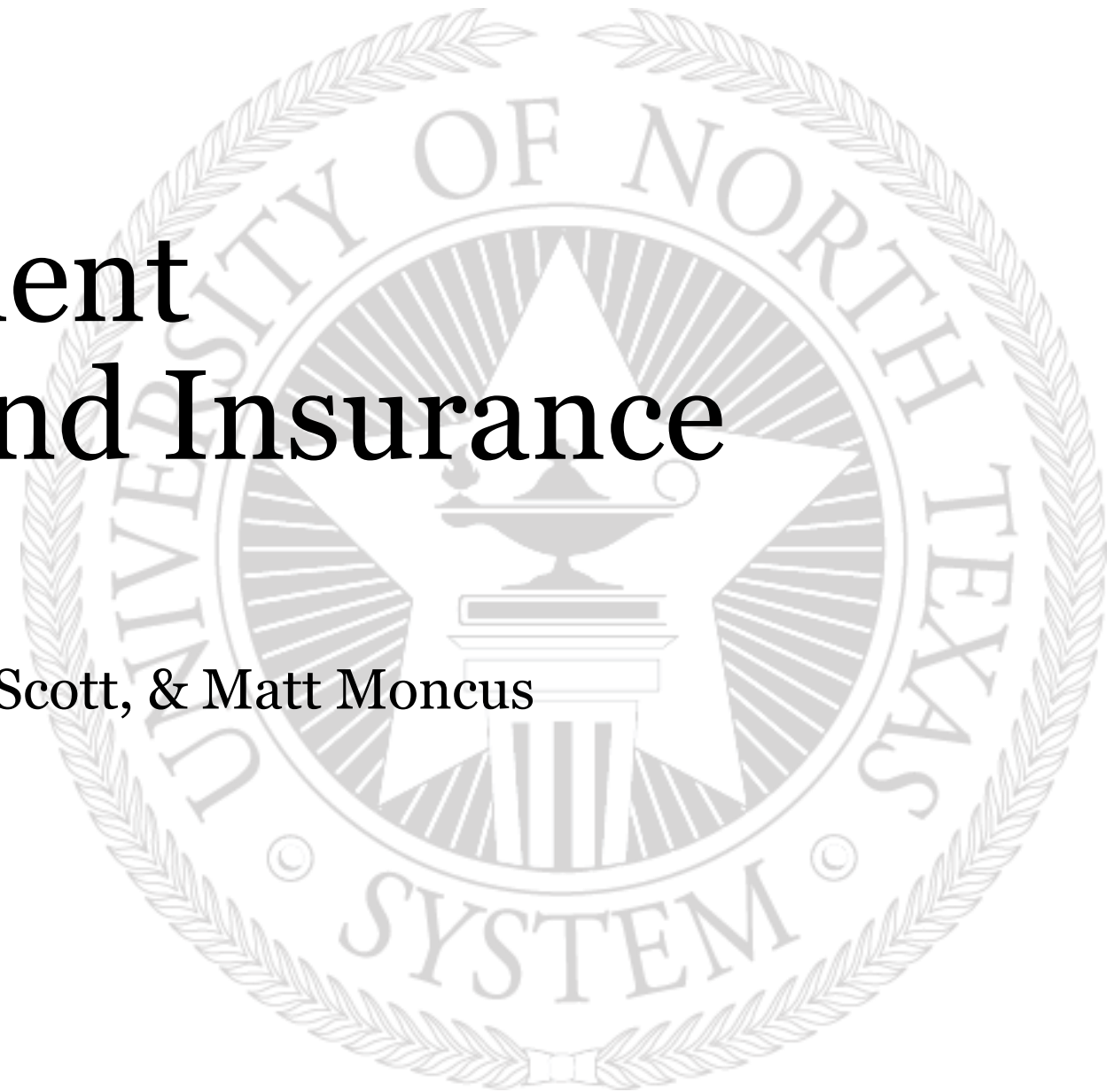
- Campus Police, ITSS, CFOs, UNT System Fire Marshall

- State Auditor, various state and federal agencies

Risk Management Introduction and Insurance Overview

Presented by: Doug Welch, Brad Scott, & Matt Moncus

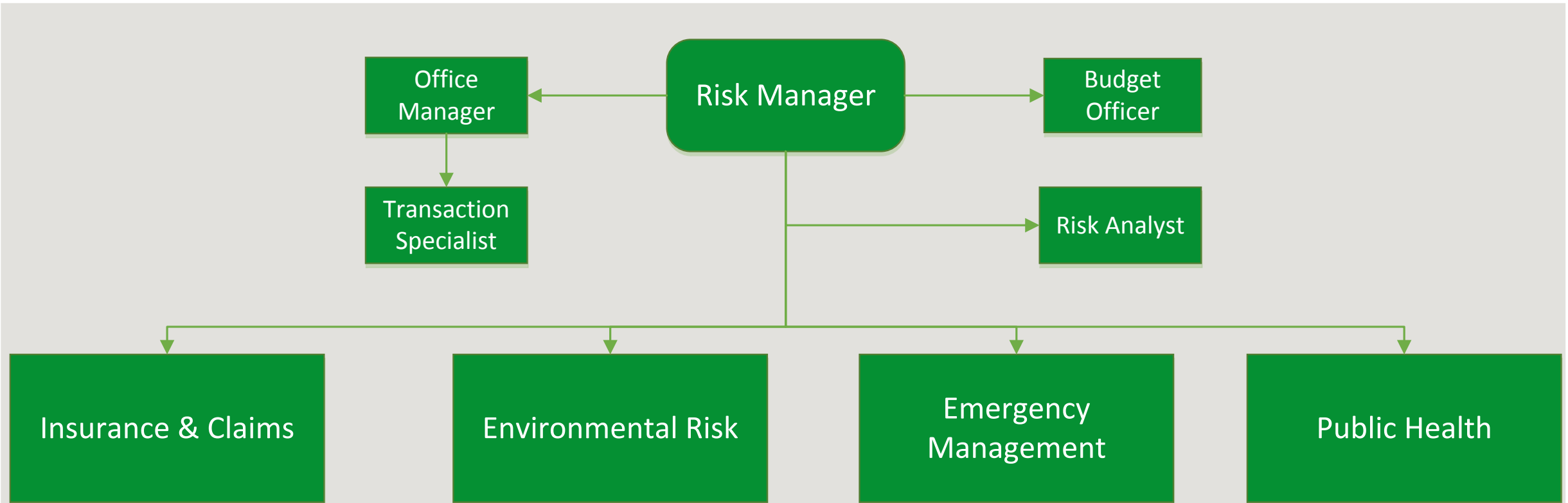
Date: August 18, 2016



Presentation Summary

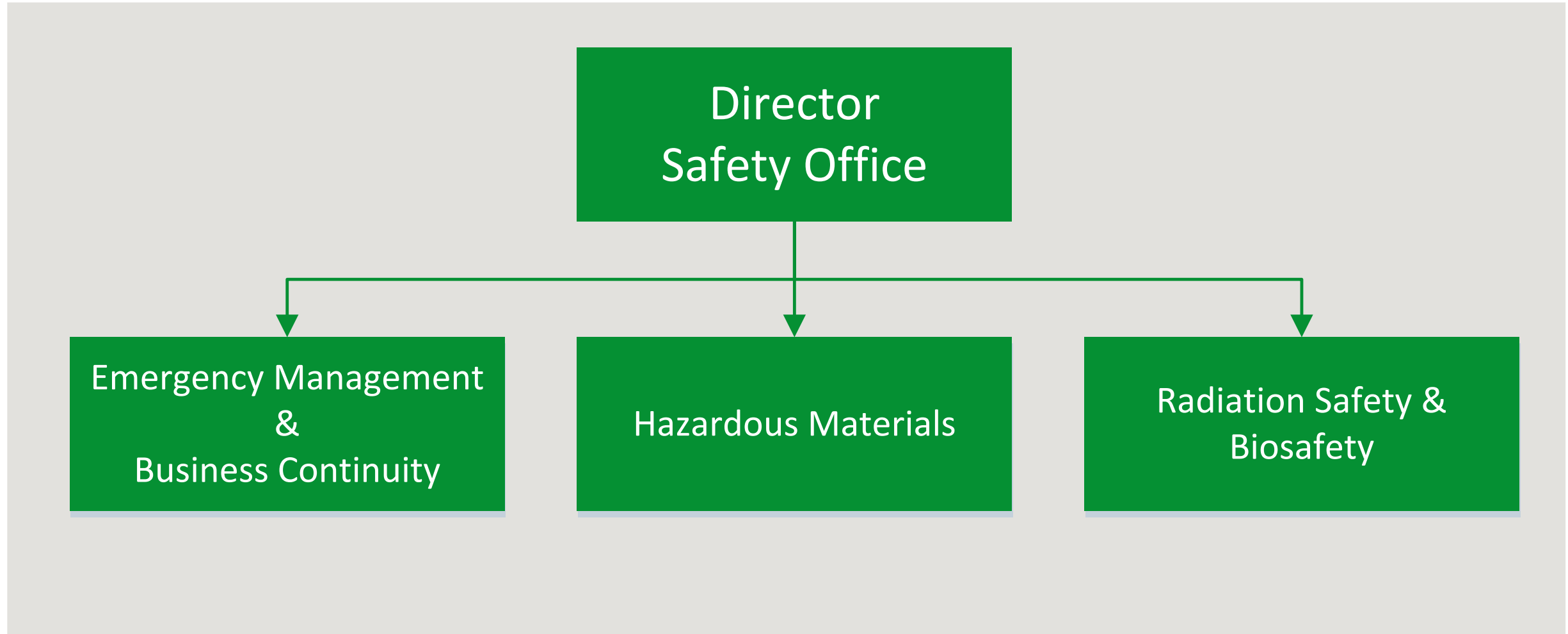
- Not Enterprise Risk Management (ERM)
- Focused on the management of **Operational Risk**
- Presentation Topics:
 1. Organization
 2. Insurance
 3. Risk Assessments & Partnerships
 4. Risk Control Programs
 5. Emerging Programs & Technology
 6. Future Actions

UNT Risk Management Operations



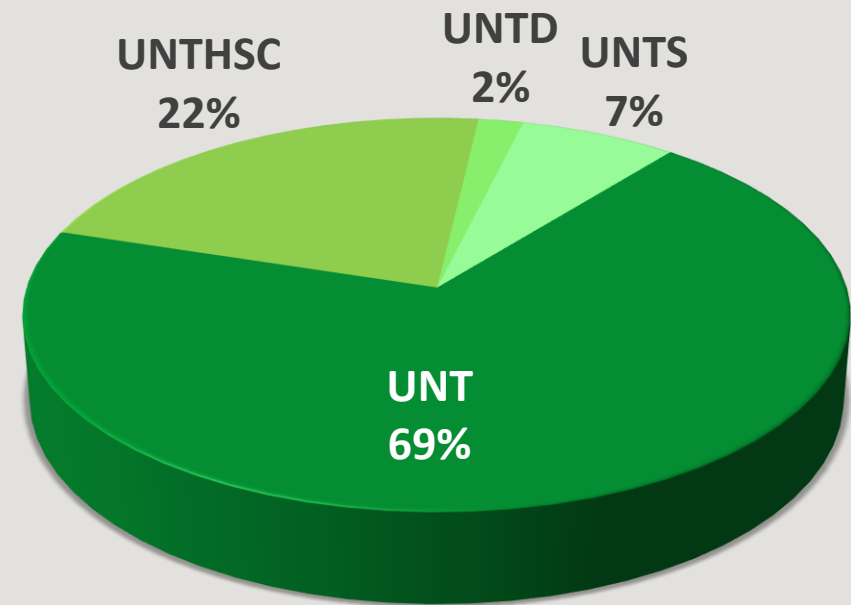
Mission: Protect and Conserve University Resources

UNTHSC Risk Management Operations



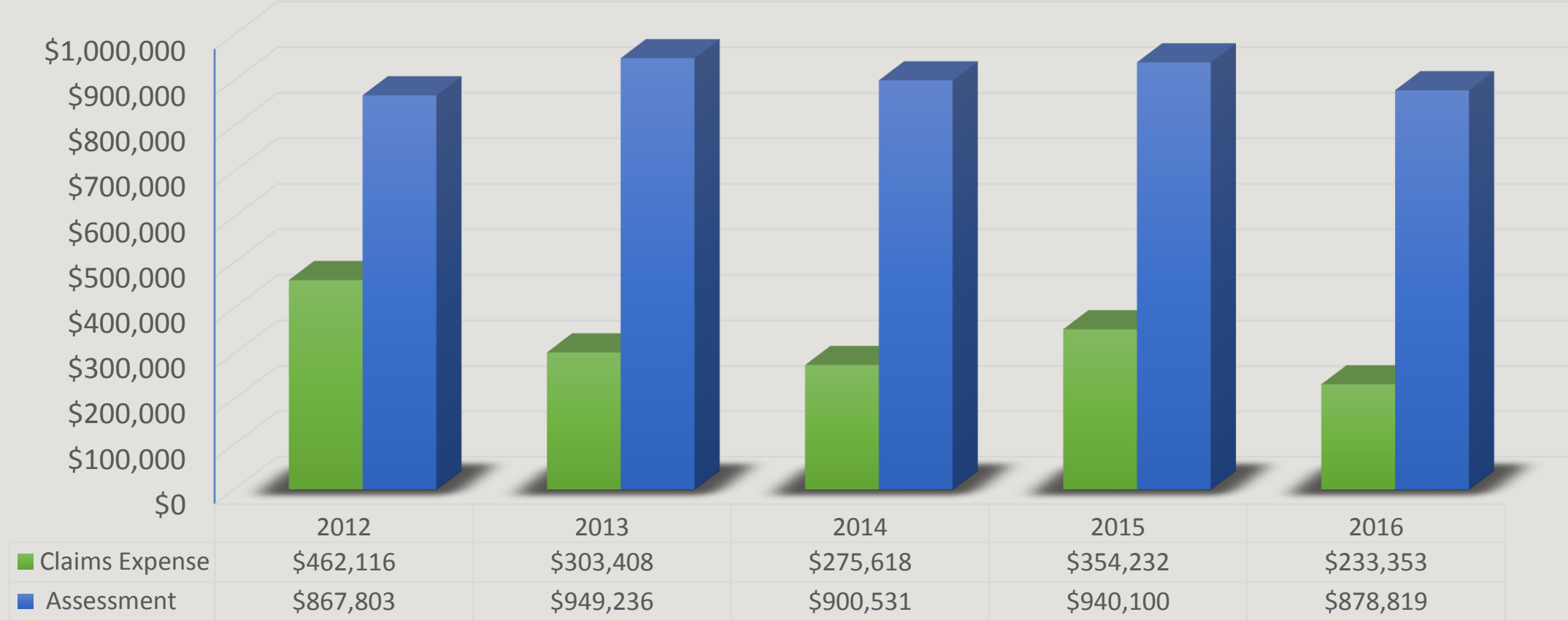
Insurance Overview

Total Premiums 5 Year Trend



Insurance Overview

Workers' Compensation
Assessment & Claims Expense Comparison
5 Year Trend



Risk Assessments & Partnerships

Emergency Planning



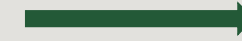
Hazard Analysis and Prioritized Preparedness Efforts

Event Safety Committee



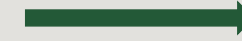
Risk Identification & Control Measures

Health Crisis Response



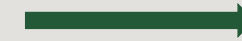
Continual Monitoring and Coordinated Response

Food Facility Inspections



Monitoring, Oversight, and Prevention

Lab Safety



Chemical, Biological, and Radiation Safety (Regulatory Compliance)

- **Partnerships:**

- Intra-Agency Agreements
- State Office of Risk Management
- State Fire Marshall's Office
- Local Emergency Management
- County Health Departments

Risk Control Programs

Training

- Laboratory Safety
- CPR/AED/First-Aid
- Sexual Abuse and Child Molestation Awareness
- Active Shooter Response
- Campus Safety & Security Seminars
- Fire Evacuation Drills

Oversight

- Safety Committees - IBC/RSC/Event
- Chemical Inventory Tracking
- Permitting-Asbestos/Confined Space/Hot-Work
- Research-Laser/Radiation/Biological
- Background Checks (Working with Minors)
- Approved Driver Database/MVR Audits

Developing Programs & Technology

- Goals:
 - Continually align risk management programs with growth of the University
 - Leverage technology to keep pace with needs, expectations, and emerging risks

Programs

- High Level Camera Project
- Emergency Operations Center
- Threat Hazard Identification Risk Assessment
- Self-Insured Retentions

Technology

- Infrared Thermography
- EHS Assist and ICP Mass Spectrometer
- OnyxWorks
- AlertUs

Future Actions

UNT Dallas: FTE to Manage Operational Risks - FY 17

UNTHSC: School of Public Health Internship Collaboration – FY 17

UNT: OCIP Analysis (Ongoing SORM Coordination) – CY17

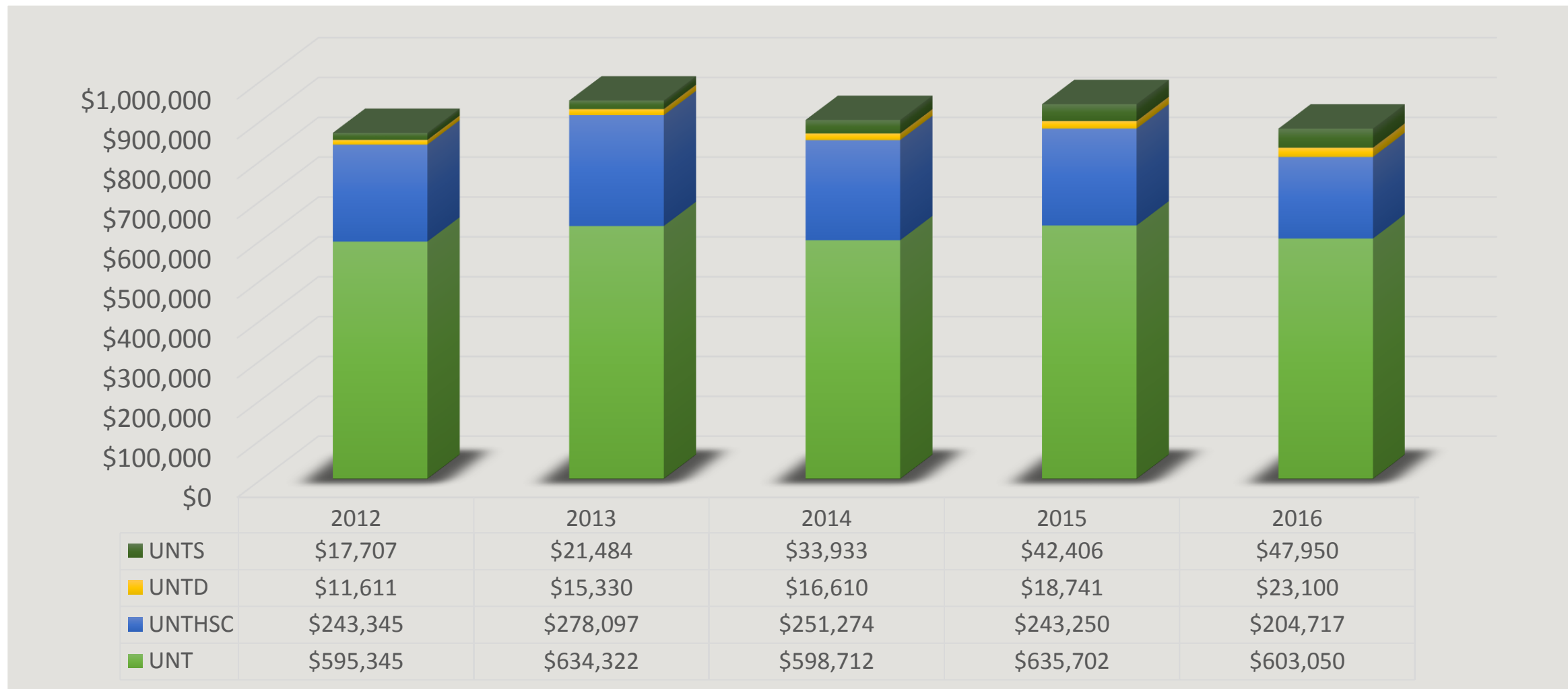
UNTS: Cyber Risk Analysis – FY 17

End of Presentation

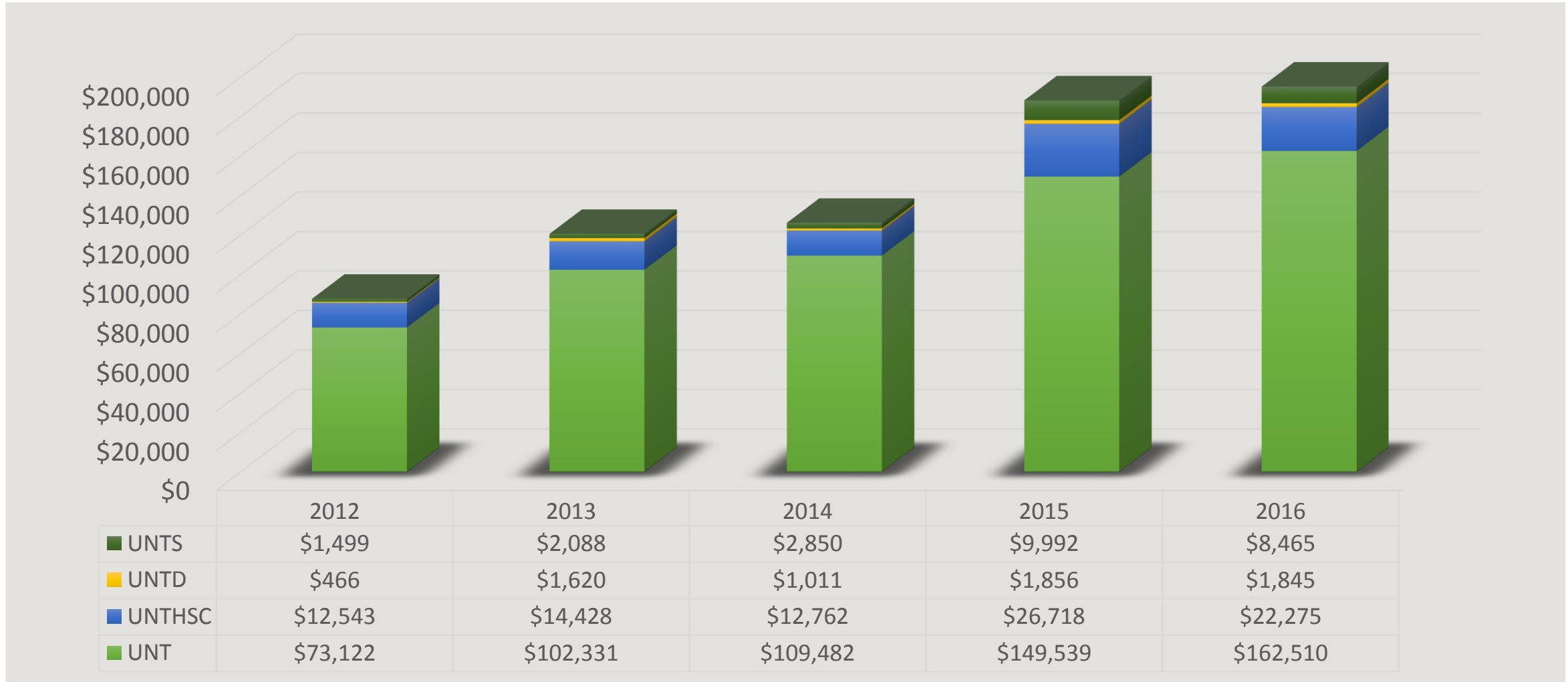


Remaining slides are for reference.

Workers' Compensation 5 Year Trend



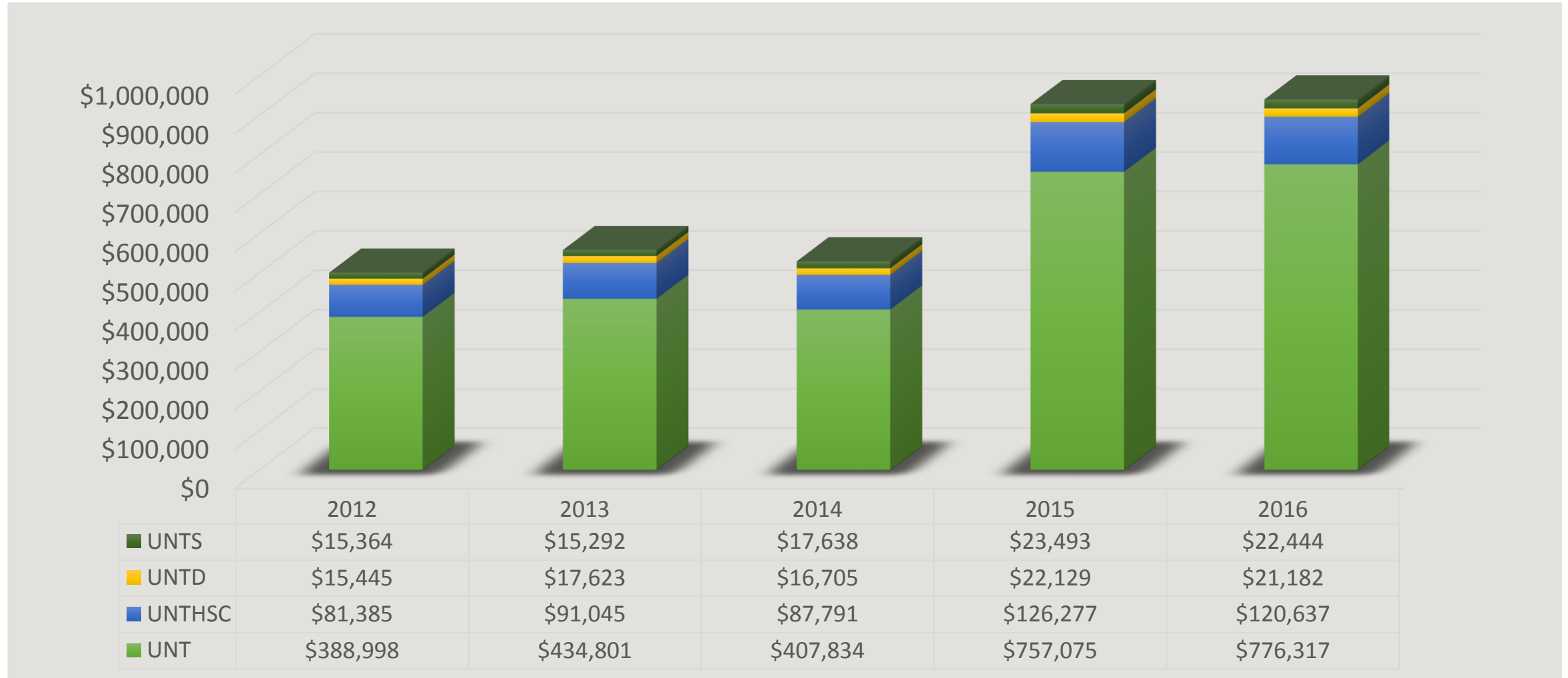
Business Auto Premiums 5 Year Trend



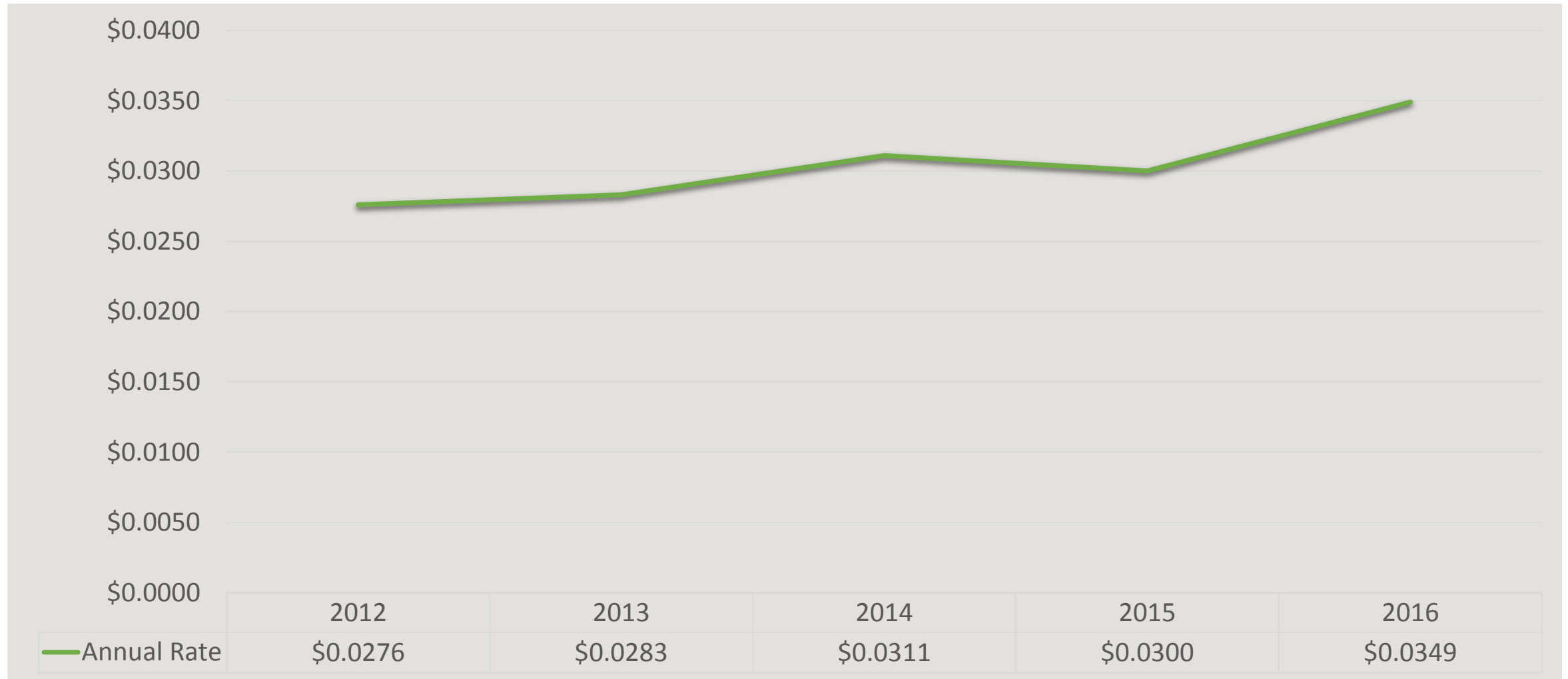
Insured Property Values 5 Year Trend



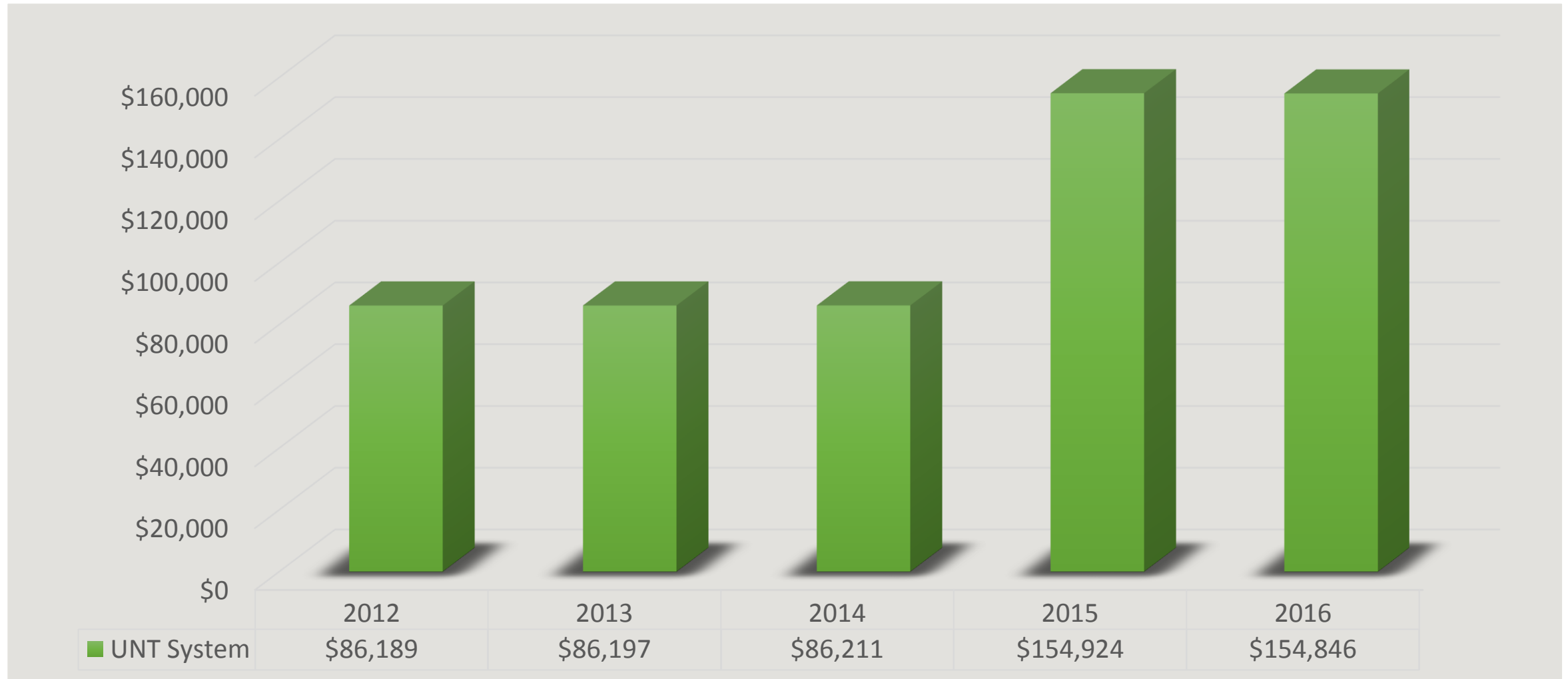
Property Premiums 5 Year Trend



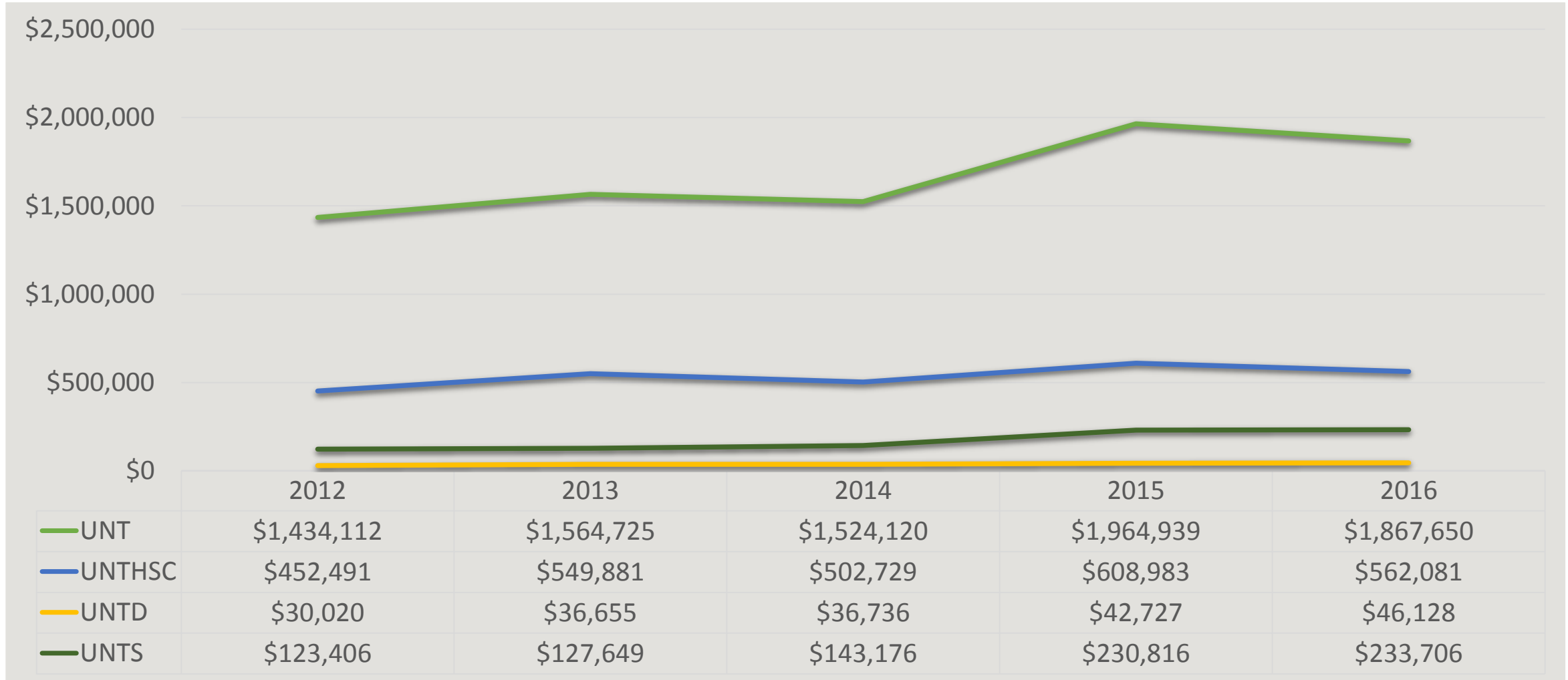
Property Rate per \$100 Value 5 Year Trend



Directors and Officers Premium 5 Year Trend

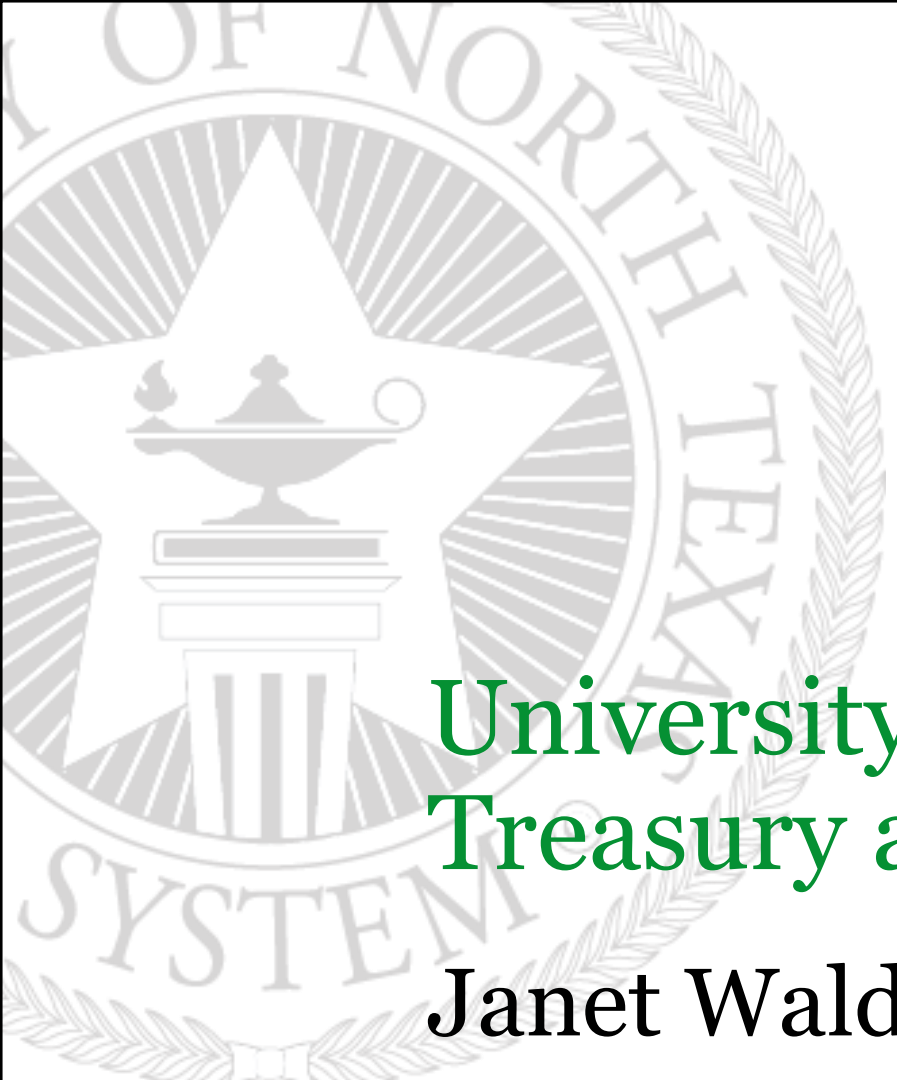


All Policy Premiums 5 Year Trend



All Policy Premiums 5 Year Trend





University of North Texas System Treasury and Investment Assessment

Janet Waldron,
Vice Chancellor for Finance

Key Milestones

- Establish Long Term Pool – **Dec. 13, 2011**
- BCG Recommendation to consolidate Treasury functions – **Aug. 28, 2013**
- RFP and sign uniform banking agreement with JP Morgan Chase and Wells Fargo – **Feb. 24, 2014**
- Treasury Office fully established with 4.5 positions – **Sept. 1, 2015**
- System's Rating Outlook improved to "Stable" from "Negative" – **Sept. 22, 2015**
- New professionally-staffed office has resulted in:
 - **Disciplined methodical approach**
 - **Proactive compliance, communication, and reporting**
 - **Gross savings in excess of \$17 million from debt refunding**

Board Members Have Requested a Review:

- Board's Role, Fiduciary Duty, Governance
- Cash Management Strategies
- Investment Performance and Reporting
- Innovative New Ideas for Optimizing Asset Management

University of North Texas System Treasury and Investments Assessment

August 18th, 2016



Presenter introduction

Marc Monyek- Engagement Lead

- Joined EY in 2014 and has provided leading advice to CFOs and treasurers of government agencies, universities and companies with revenues of \$1-105 billion. Assessments and implementations have included global cash management, cash collections and pooling, debt and investment management, financial risk management and currency risk management
- Prior to joining EY was Senior Director Global Funding at McDonalds Corporation and deputy Chief Investment Officer and Secretary of the McDonald's Corporation Profit Sharing and Savings Plan and an advisor to the McDonald's Owner Insurance Trust Investment Board
- Board member of the Williams School of Commerce, Economics and Politics at Washington and Lee University and the National Congressional Award

EY Global Treasury Services Organization

EY is a global financial services organization comprised of 212,000 professionals. The Global Treasury Services organization has more than 300 individuals covering 60 major countries with extensive public and corporate, investment and financial services treasury experience as practitioners and advisors. Our clients include leading universities, major government agencies and companies represented across the Global Fortune 500 spectrum.

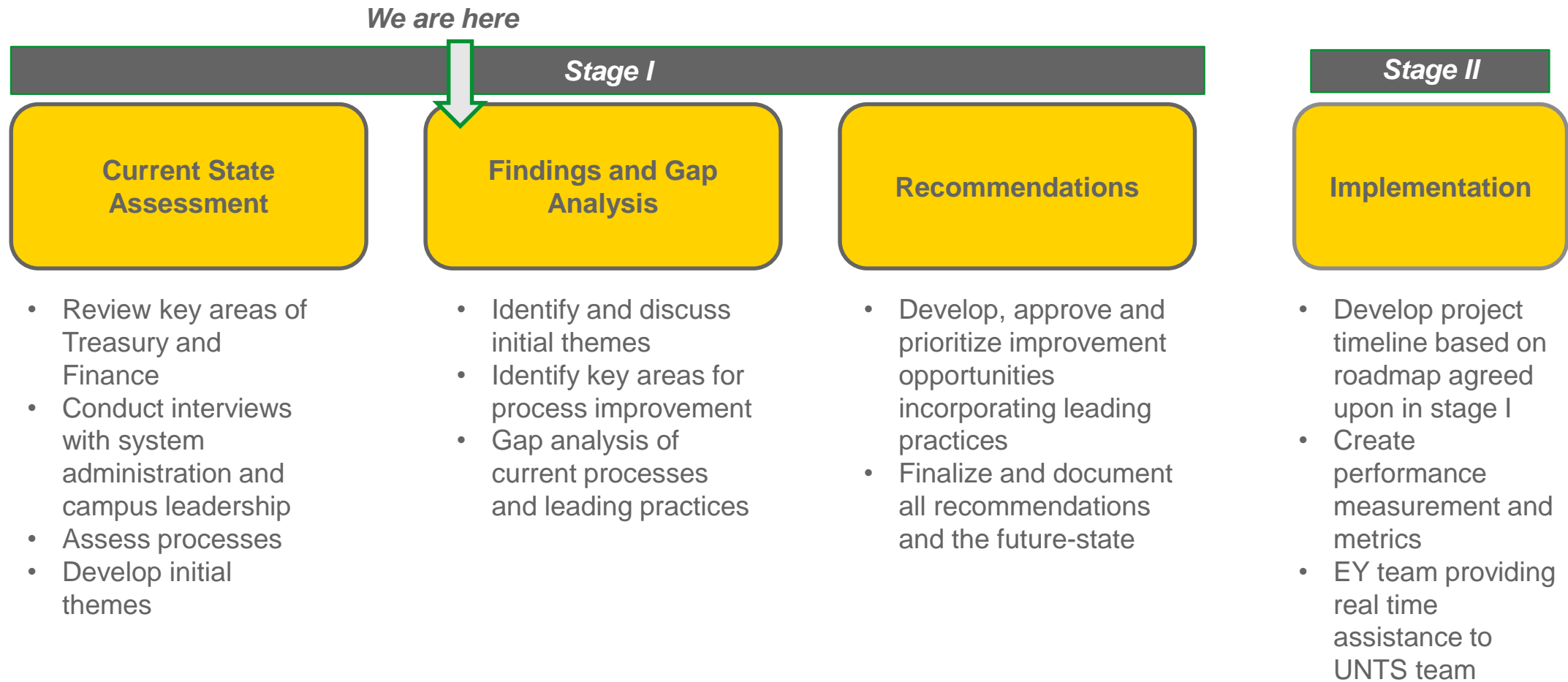
Our services enable clients to undertake investment and treasury transformations, while benefitting from our independent and objective advice.

Scope of initial assessment

Assess the treasury function with a focus on investment management



Treasury and investment management assessment process



Initial look and calibration

- We have talked to finance administrators at UNT Denton, UNT Dallas, UNT HSC and the UNT Foundation
- Campuses have different “cultures” and varying requirements from the financial organization
- Current investment management process is perceived as not meeting the requirements of the organization
- Two main banking structures
- Relatively new finance team with majority hired post finance transformation, there is an opportunity to optimize the team organization

Treasury & Controllership Tenure	Percentage of FTEs
Less than 2 years	70%
2 years+	30%

Executive summary – initial themes

- Opportunities for leveraging organization
- Optimize bank relationship management
- Governance
- Identify UNTS Finance Mission which support UNTS Mission
- Alignment of the Board of Regents, Administration and the Finance Functions
- Develop financial organization objectives
- Benefits of incorporating treasury technology
- Differing viewpoints on investment objectives
- Opportunities to enhance investment governance and approach
- Opportunity to protect against global risks

Leveraging the organization

- Develop a centralized funding structure
- Identify debt with UNTS assets more formally and systematically
- Improve payment structures and controls
- Develop a comprehensive and operations specific cash flow forecasting practices
- Reduce exposure to cybercrime, hacking and fraud
- Align banking relationships
- Reduce process costs by avoiding duplication of efforts
- Enhance leading practices across treasury operations

Cash flow forecasting

- System wide opportunity for cash flow forecasting enhancement
- Cash flow forecasting will improve liquidity projections, assist with managing seasonality of cash flows and debt payment projections
- Improved liquidity projections will enable campuses to have greater confidence in allocations to the short and long term pools (and potentially an intermediate pool)

Governance

- Consistent with fiduciary responsibilities.

“(G)overning board members and officers hold fiduciary responsibility. Fiduciary responsibility entails three particular duties to the institution, commonly known as the fiduciary duties of care, loyalty, and obedience.”

Association of Governing Boards

- Develop finance organization mission aligned with UNTS mission and vision
- Create alignment of financial objectives between the Board of Regents, administration, campuses and programs

“Governance enables us to establish our approach and have a process to make appropriate decisions. While we will still make incorrect decisions, the percent of correct decisions is significantly higher.”

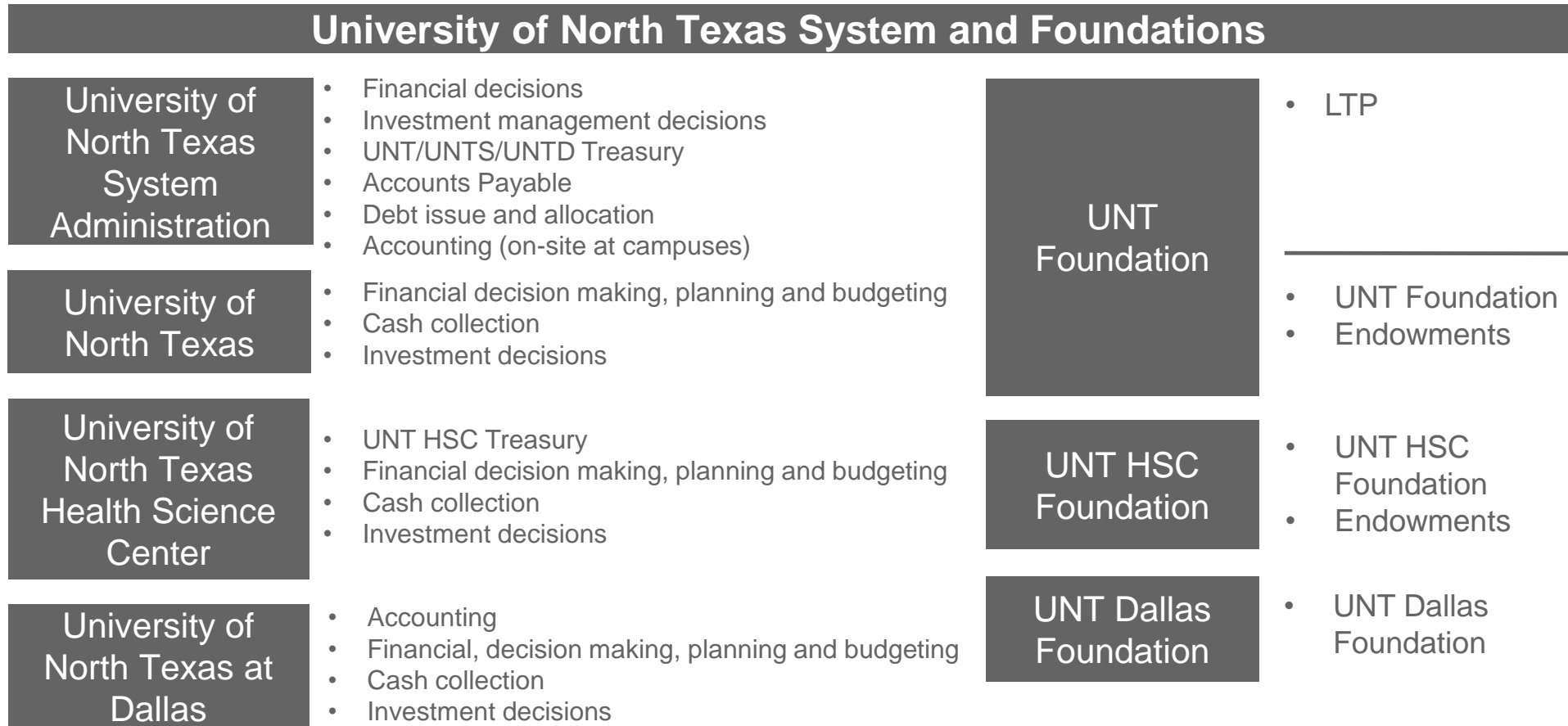
Deputy State Treasurer and Board Member of Major Retirement Programs

Governance

Clarify finance organization's objectives, with an emphasis on:

- Financial strength and credit ratings
- Appropriate financial controls
- Growth and long term financial planning balance
- Liquidity planning and investment pool distribution
- Investment policies
- Risk tolerance and return expectations
- Budgeting and cash flow forecasting
- Fund management and reporting procedures

Finance and foundation organizations



Treasury technology

- UNTS does not have a Treasury Management System in place
- Well-designed and effective treasury processes create value for the organization
- They will eliminate high reliance on manual spreadsheets, significantly reducing risk of fraud and errors
- The value of well-designed treasury processes increases dramatically when they are integrated with each other and automated through the use of treasury technology

Process integration enabled by treasury technology

Cash and liquidity management

Cash flow forecasting

Debt and investment management

Real time visibility into cash balances

Enhances enablers of value creation

- Organizational structure
- Business operating model
- Governance and oversight
- Performance measurement
- Financial leadership

- Increase financial controls
- Reduce manual processes in cash management
- Track debt effectively and matching with assets
- Improve cash flow forecasting
- Improve automation around payments and disbursements
- Decrease costs by reducing process redundancies

Investment management structure

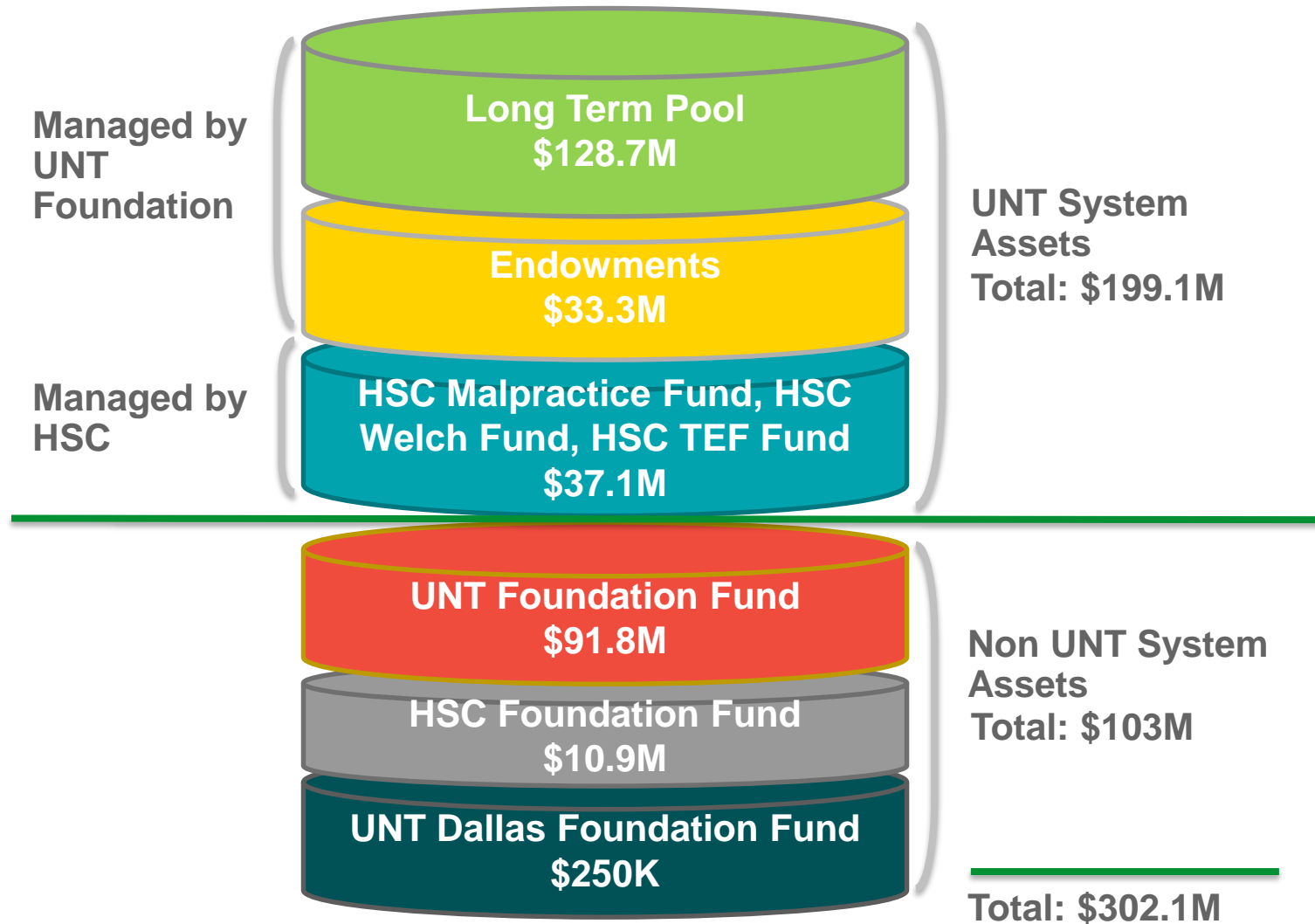


- **Organization, policies, and procedures:** Committee and board structure including charter, oversight, regulatory compliance responsibilities and policy documentation
- **Program objectives:** Risk and return profile for the organization. Portfolio risk exposure and metrics. Liquidity profile.
- **Portfolio construction:** Determination of investment sectors, including fixed income and equity classes. Consideration of managed accounts
- **Investment managers:** Selection and review of portfolio managers, including index, hedge funds, private equity and actively managed funds
- **Performance benchmarks:** Selection of appropriate market benchmarks and periodic reviews
- **Investment committee reporting:** Reporting systems, benchmarks and agendas for investment performance reviews

Leading investment policy practices

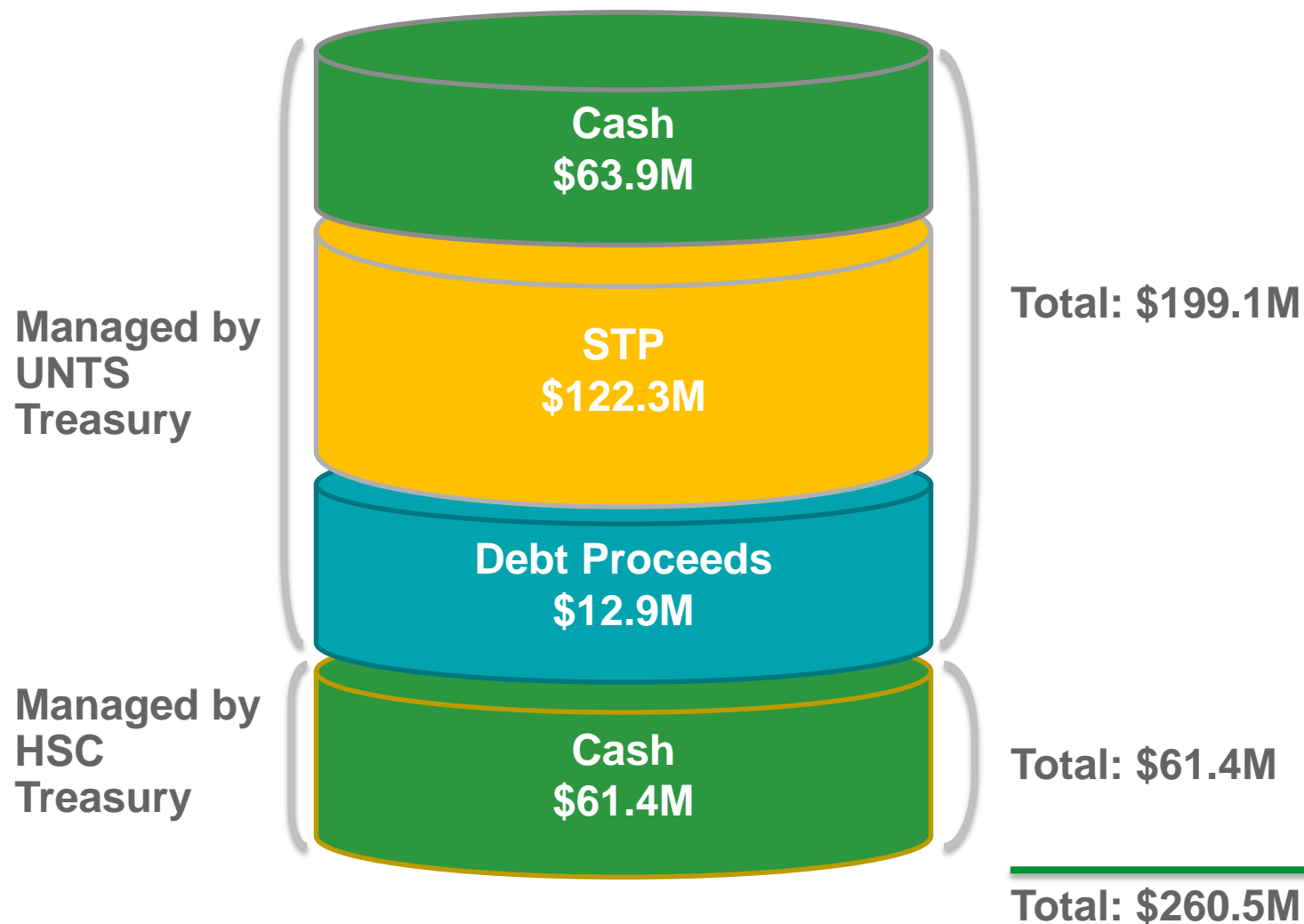
- Investment objectives in alignment with the System mission
- Governance and oversight procedures
 - Reporting content and frequency
- Risk management philosophy
 - Risk exposure information (e.g. portfolio's exposure to credit risk, liquidity risk etc.)
 - Risk metrics (e.g. spending risk, volatility of total return, tracking error)
- Investment performance benchmarks
- Investment manager's selection, oversight and review procedures
- Spending policy
 - Target annual distribution rates and distribution review process
- Asset classes and manager guidelines
 - Asset class descriptions (e.g. definition of growth, inflation protection, risk reduction)
 - Authorized investments

UNTS Long Term foundation managed funds portfolio



As of February 29, 2016

UNTS short term funds portfolio

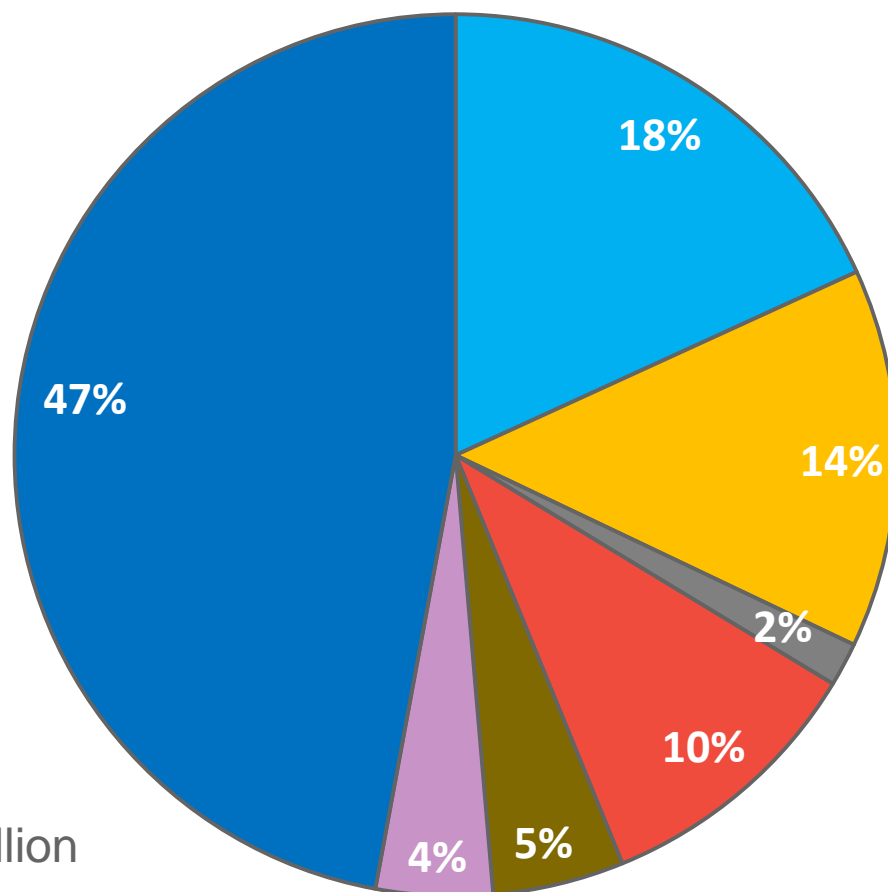


As of February 29, 2016

UNTS consolidated cash and investment portfolio

Including foundation assets (UNT, HSC, Dallas)

Asset Allocation



- US Equity
- Non-US Equity
- Global Equity
- US Fixed Income
- Hedge Funds
- Real Assets
- Cash

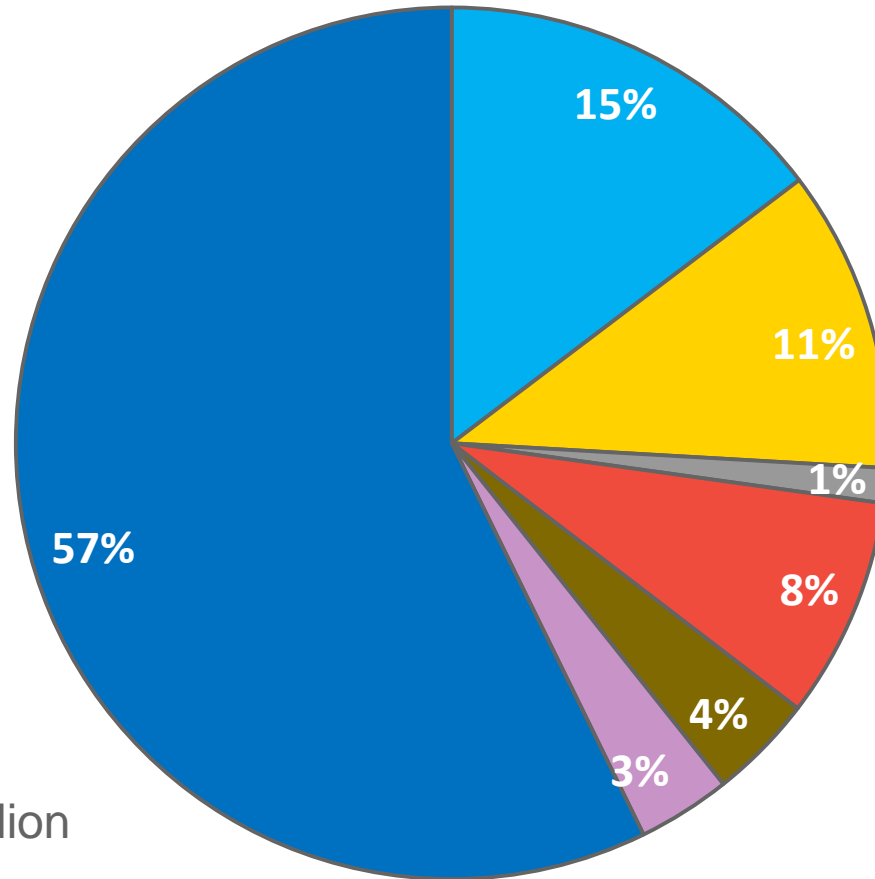
Total funds: \$562.6 million

As of February 29, 2016

UNTS consolidated cash and investment portfolio

Excluding foundation assets (UNT, HSC, Dallas)

Asset Allocation



- US Equity
- Non-US Equity
- Global Equity
- US Fixed Income
- Hedge Funds
- Real Assets
- Cash

Total funds: \$459.6 million

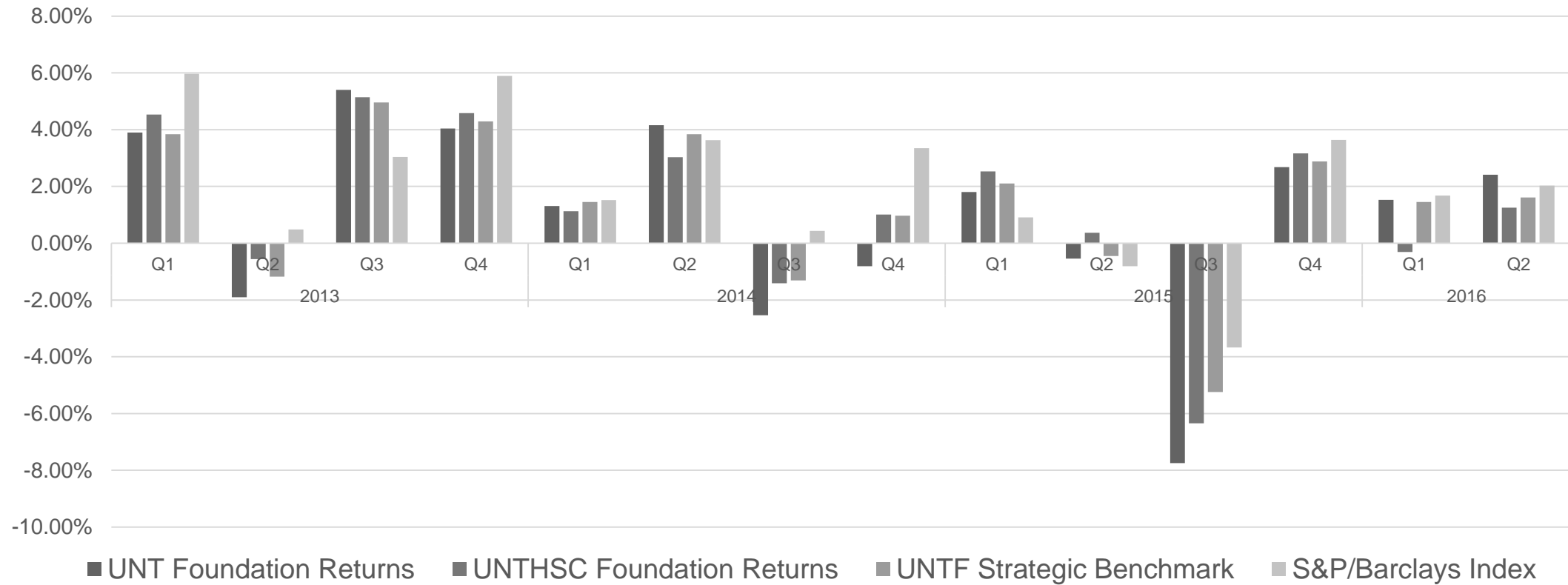
As of February 29, 2016

Define investment objectives

- Provide guidance around managing and reporting short term and long term pools
 - What is the purpose of different investment pools?
 - Are the allocations between short and long term pools appropriate?
 - Would the system benefit from an intermediate pool?
- Create alignment between university's growth requirement and long term financial planning
- Develop economies of scale and effective fee structures
- Enhance investment policy to incorporate leading practices of peer University systems and private industry

Investment returns history

UNT Foundation and UNTHSC Foundation Quarterly Returns Comparison



Returns presented as net of fees UNTF Strategic Benchmark reflected as of 2016

Investment returns history

Annual Returns	2013	2014	2015	2016 (6/30)	Cumulative
UNT Foundation Returns*	11.8%	2.0%	-4.1%	4.0%	13.7%
UNT HSC Foundation Returns*	14.3%	3.8%	-0.6%	0.9%	19.0%
UNTF Strategic Benchmark	12.3%	5.0%	-0.9%	3.1%	20.5%
S&P/Barclays Index	16.2%	9.2%	-0.1%	3.7%	31.5%

Index	Composition	
Prior UNTF Strategic Benchmark	MSCI ACWI ex USA	60%
	Barclays Aggregate Bond Index	40%
Current UNTF Strategic Benchmark (effective March 1, 2016)	Dow Jones U.S. Total Stock Market	40%
	MSCI ACWI ex USA	20%
	Barclays Aggregate Bond Index	30%
	Consumer Price Index	10%
S&P/Barclays Benchmark Index	S&P 500	60%
	Barclays Aggregate Bond Index	40%

* Returns presented are net of fees

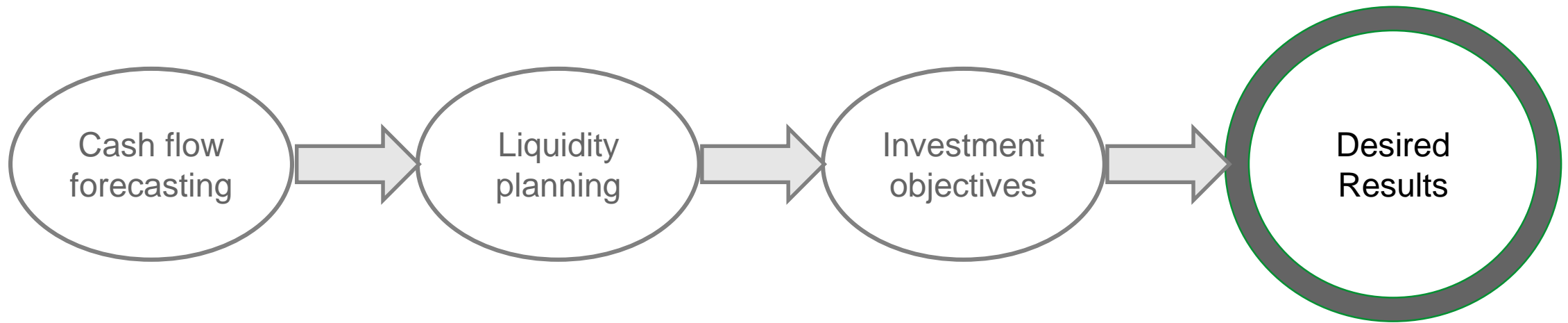
^ UNTF Benchmark reflects benchmark in existence during time period

Global risks

Planning against global risks ensures an organization the ability to perform in volatile environments

- Fraud
- Funding and liquidity
- Economic conditions
 - Inflation
 - Economic downturns
- Student enrollment
- Government and state regulations
 - Tuition revenue bonds
- Maintain credit rating (AA by Moody's)
- Provide a financial bedrock that supports the UNTS mission and vision

Future state objectives



Enablers			
Policies	Treasury technology	Organization alignment	Treasury and Finance talent

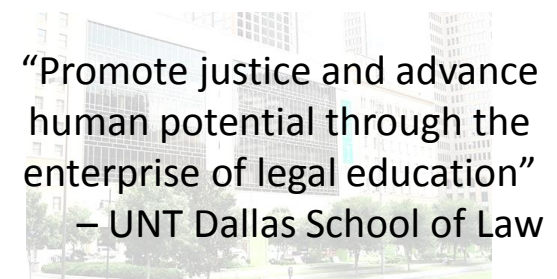
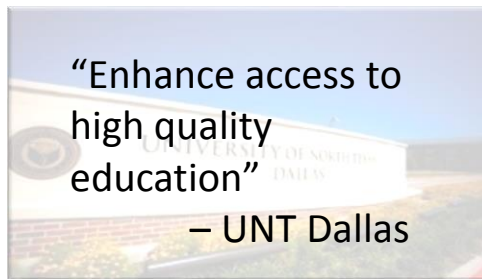
Appendix



Governance

Alignment with UNT's mission and vision

- **Mission:** UNT is a major public research university deeply committed to advancing educational excellence and preparing students to become thoughtful, engaged citizens of the world. This is accomplished through a broad and balanced array of programs where well-prepared students and dedicated scholars and artists collaborate with our local and global communities in the creation, integration, application, and dissemination of knowledge. In this way, UNT creates an enriched and sustainable future for our students, state, nation and world.
- **Vision:** As the most comprehensive public research university providing a top quality education in one of the nation's largest, most dynamic regions, UNT will be celebrated for its academics, arts and athletics. UNT will be a diverse and inclusive institution creating knowledge and innovations that will shape the future, while cultivating excellence in the next generation of scholars and leaders for the global community.



Leading cash flow forecasting schematic

Key cash flow forecasting challenges



Cash flow forecasting goals

Financial planning

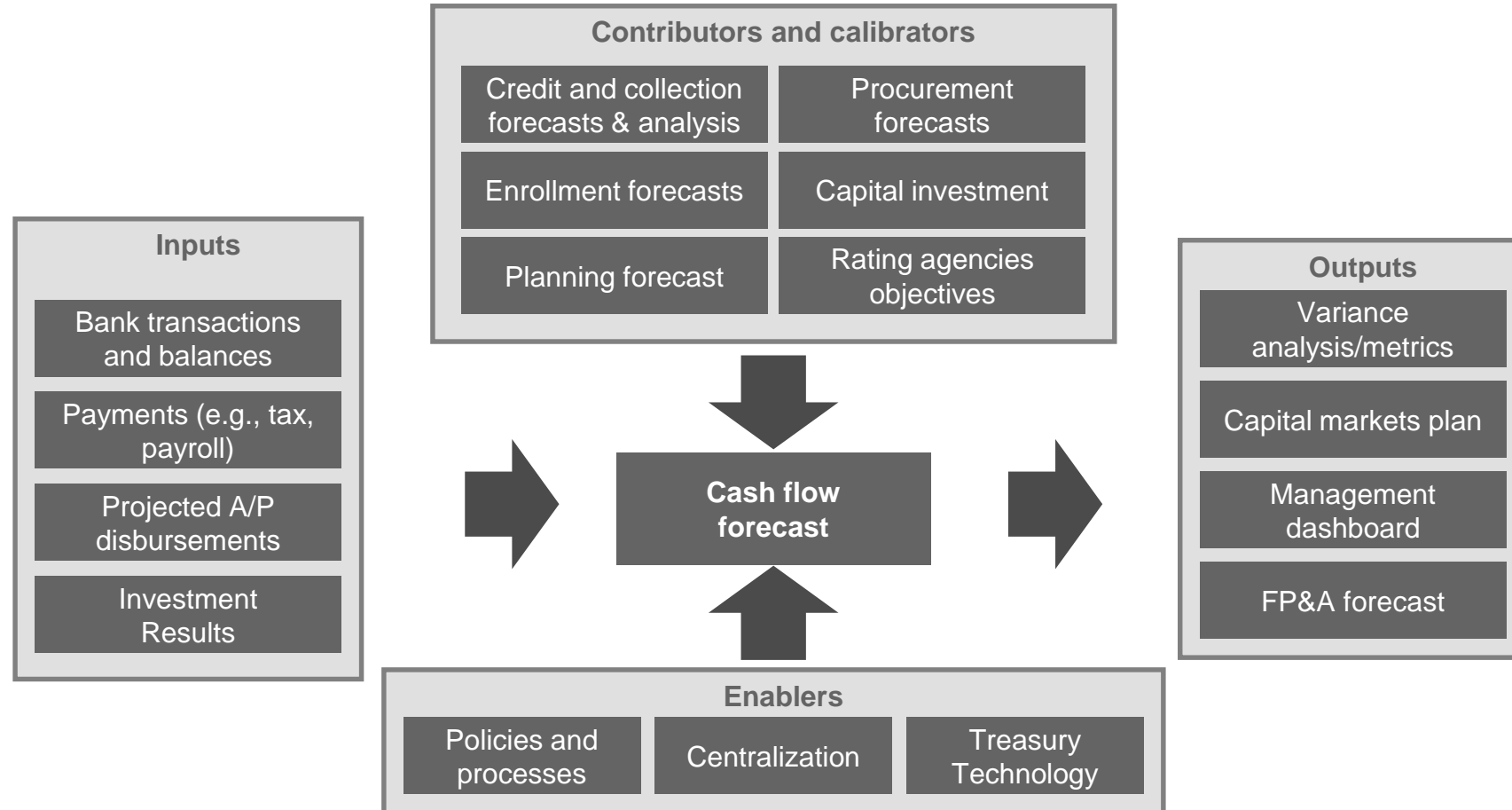
Liquidity management

Third party communication

Leading indicator

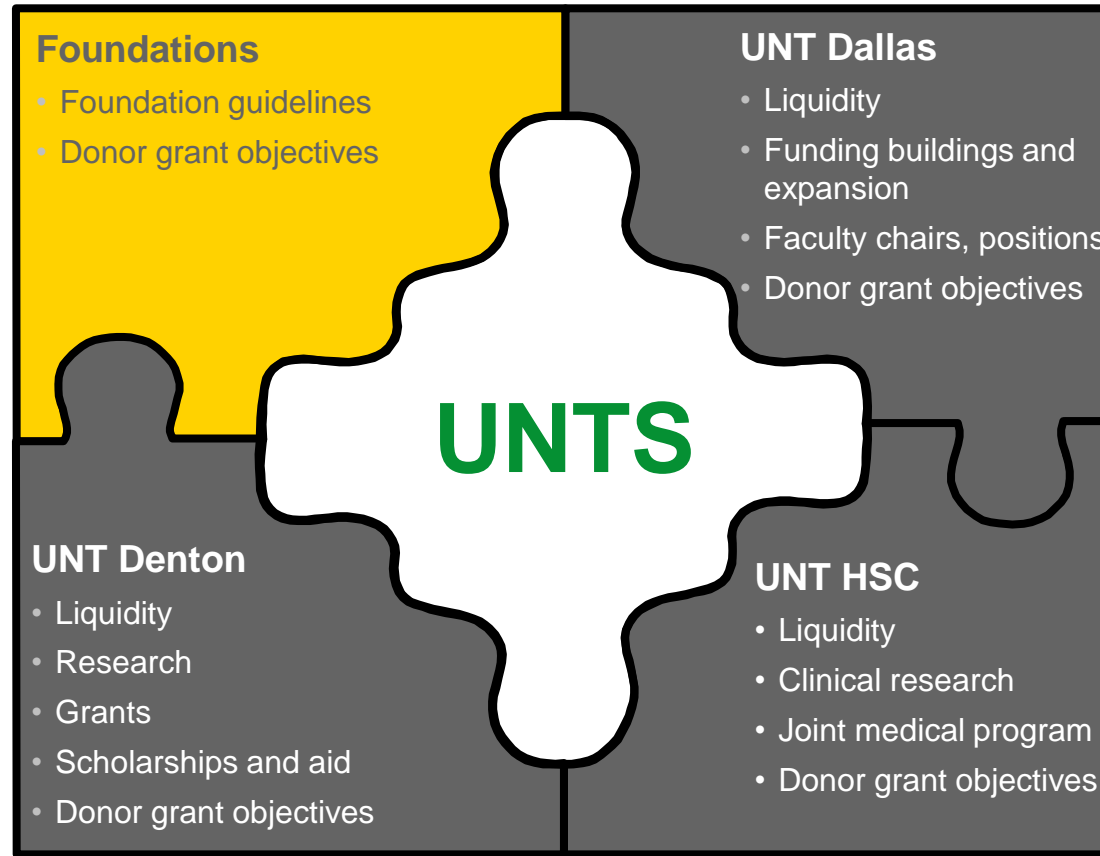
Investment planning and objectives

Leading cash flow forecasting schematic



Clarify investment objectives

Different campuses have different objectives based on their stage of growth, grants and endowment funds



Fiscal Year 2017 Consolidated Operating Budget

Presented by: Janet Waldron, Vice Chancellor for Finance

August 18-19, 2016



Consolidated Budget

UNT SYSTEM™

On-Going Actions

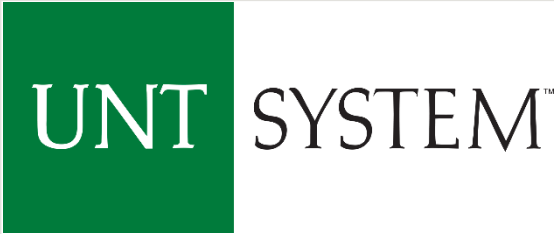
Reflect better Budget Projections using the new Hyperion software tool.

The Classification changes and the new Chart of Accounts are improving consistently.

There were still a few classification changes in FY16 that we captured that caused some apparent year-to-year variances.

We expect fewer changes in FY17 and going forward.

Consolidated Budget



Revenues

Overall, the UNT System Consolidated budget reflects a total revenue estimate for FY17 of approximately 9% over FY16 .

The FY17 consolidated budget projects net tuition and fees at 17% over FY16 due largely semester credit hour growth at all institutions ranging from 4% to 17%.

Estimates for general State appropriations in the FY17 budget are only slightly above the FY16 projections; institutions are reflecting larger increases in Capital Appropriations (HEF) allocations for FY17.

Consolidated Budget



Expenditures

The consolidated Budget for FY17 projects total expenditures and transfers at \$62.5 million over FY16 – an increase of 7%.

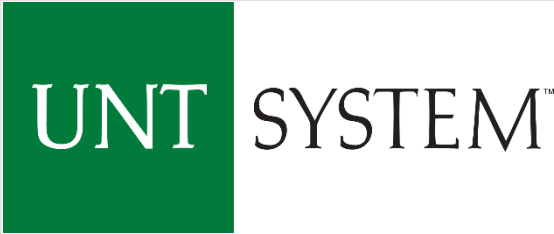
Total personnel costs across the System for FY17 are estimated to increase by 5% over the original budget for FY16.

Scholarships, exemptions & financial aid are projected to increase by 6.4% in FY17.

Reserves

The estimated impact on reserves resulting from the operating funds budget is an increase of approximately \$14.9 million.

Preview of Budget Action Item



Current Funds Revenue by UNTS Component					
	Education and General	Designated Operating	Auxiliary Enterprises	Restricted Expendable	Total Current Funds
University of North Texas	248,866,808	269,512,708	86,582,021	90,130,909	695,092,446
UNT Health Science Center	126,976,219	132,921,891	570,136	35,216,424	295,684,670
UNT Dallas	31,306,081	14,232,897	155,000	7,896,681	53,590,659
UNT System Administration	8,150,650	165,989	1,899,505	-	10,216,144
Total UNTS Consolidated	415,299,758	416,833,485	89,206,662	133,244,014	1,054,583,919

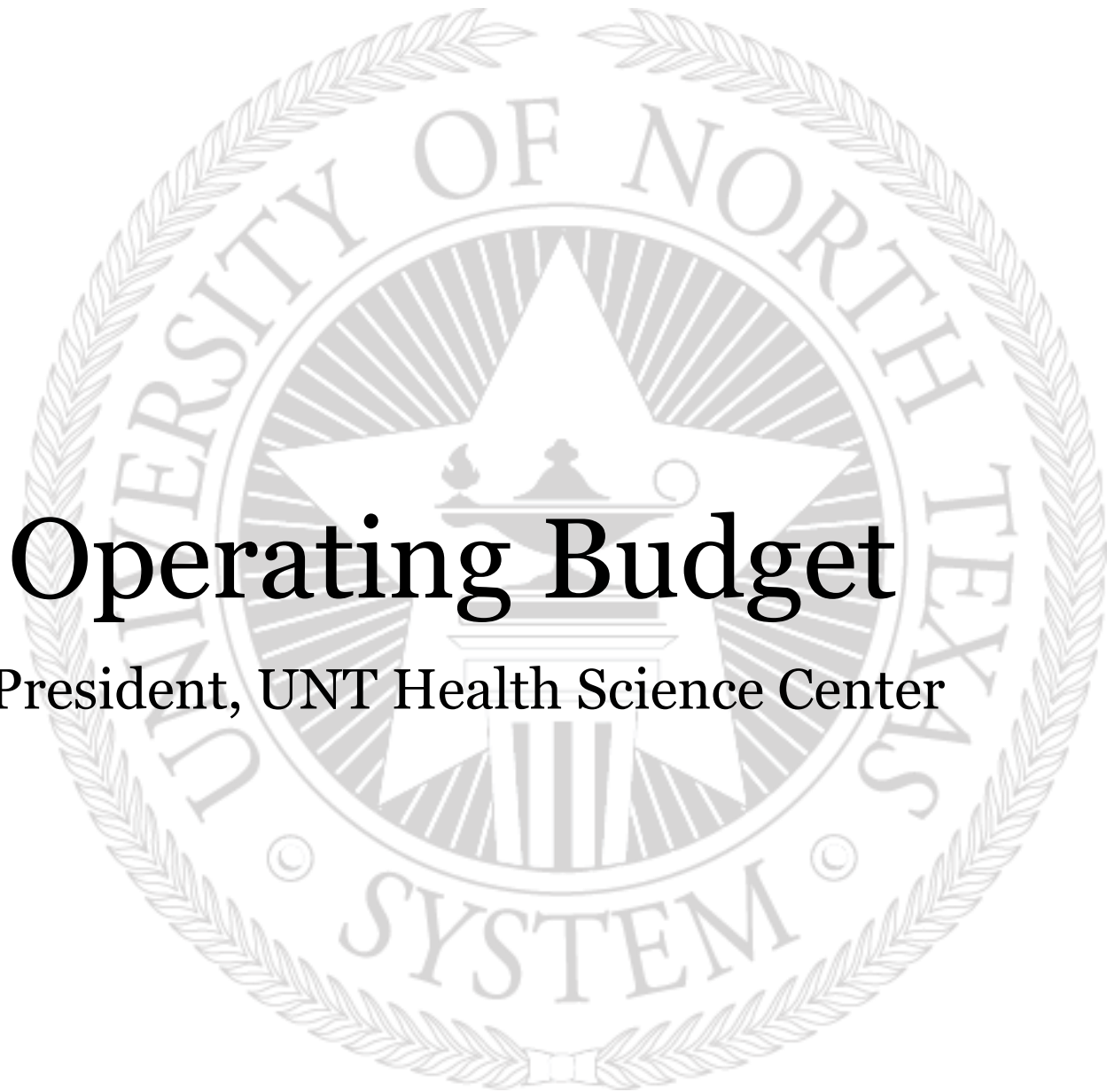
Current Funds Expenditures by UNTS Component					
	Education and General	Designated Operating	Auxiliary Enterprises	Restricted Expendable	Total Current Funds
University of North Texas	231,946,179	228,707,059	78,798,432	90,537,725	629,989,395
UNT Health Science Center	101,526,004	130,880,327	570,136	30,387,423	263,363,890
UNT Dallas	36,194,841	10,929,712	155,000	7,896,681	55,176,234
UNT System Administration	13,807,919	46,511,931	5,124,777	-	65,444,627
Total UNTS Consolidated	383,474,943	417,029,029	84,648,345	128,821,829	1,013,974,146

Current Funds Transfers by UNTS Component					
	Education and General	Designated Operating	Auxiliary Enterprises	Restricted Expendable	Total Current Funds
University of North Texas	(16,920,630)	(37,451,987)	(1,367,911)	406,816	(55,333,712)
UNT Health Science Center	(19,384,145)	1,253,623	-	(4,829,001)	(22,959,523)
UNT Dallas	4,205,741	(4,394,335)	-	-	(188,594)
UNT System Administration	5,657,269	43,952,839	3,225,272	-	52,835,380
Total UNTS Consolidated	(26,441,765)	3,360,140	1,857,361	(4,422,185)	(25,646,449)

Fiscal Year 2017 Operating Budget

Presented by: Michael Williams, President, UNT Health Science Center

Date: August 18-19, 2016



Revenues



Budgeted 2016	Budgeted 2017	Change
\$286.5	\$295.7	3%

Learning and Discovery

Innovative Initiatives Increase in enrollment in the UNT System College of Pharmacy of over 100 students is expected to increase net tuition and fees by 4%.

The Patient Safety Institute’s strategic plan has been developed. Registration for the upcoming, 2nd Patient Safety Summit has begun.

Sustainability

GME Slots A new graduate medical education program established with Weatherford Regional Medical Center, provides an additional 30 residency slots.

Philanthropy In philanthropy, \$6.5 million has been given or pledged to institutional priorities.

Highlighted Categories	Budgeted 2016	Budgeted 2017	Change
Tuition & Fees	\$28.6	\$29.7	4%
Gifts	\$3.5	\$4.9	37%
Grants & Contracts	\$112.7	\$94.7	(16%)
Net Professional Fees	\$14.6	\$33.0	126%

Note: All dollars in tables are in millions.

Expenditures & Transfers



Budgeted 2016	Budgeted 2017	Change
\$279.3	\$286.3	3%

Learning and Discovery

Innovative Initiatives

Continue our transformation to a high-performing health science center by investing:

- \$3.5 million to further Ft. Worth M.D. School’s accreditation
- \$2 million to advance the Patient Safety Institute’s mission

People & Values

Great Place to Work

Invest \$300K onsite daycare facilities for renovations and startup costs

Highlighted Categories	Budgeted 2016	Budgeted 2017	Change
Personnel Costs	\$177.3	\$176.5	(0.5%)
Professional Fees & Services	\$36.0	\$39.5	9%
Scholarships, Exemptions, & Financial Aid	\$2.0	\$5.1	154%
Debt Service Interest	\$2.8	\$4.8	70%

Note: All dollars in tables are in millions.

Reserves & Capital Expenditures



2016 Est Unrestricted	2017 Est Unrestricted	Change
\$74.2	\$83.6	13%

New Projects Include:

\$2.8 – RFS	Property acquisition: May Street – Land with Building
\$0.5 – RFS	Property acquisition: Seminary – Land
\$1.0 – CP	– Construction of Medical Clinic
\$0.4 – CP	East Parking Garage Renovation – Level Added to Existing Structure

RFS – Revenue Financing System
 CP – Commercial Paper
 TRB – Tuition Revenue Bond

Previously-approved Projects Include:

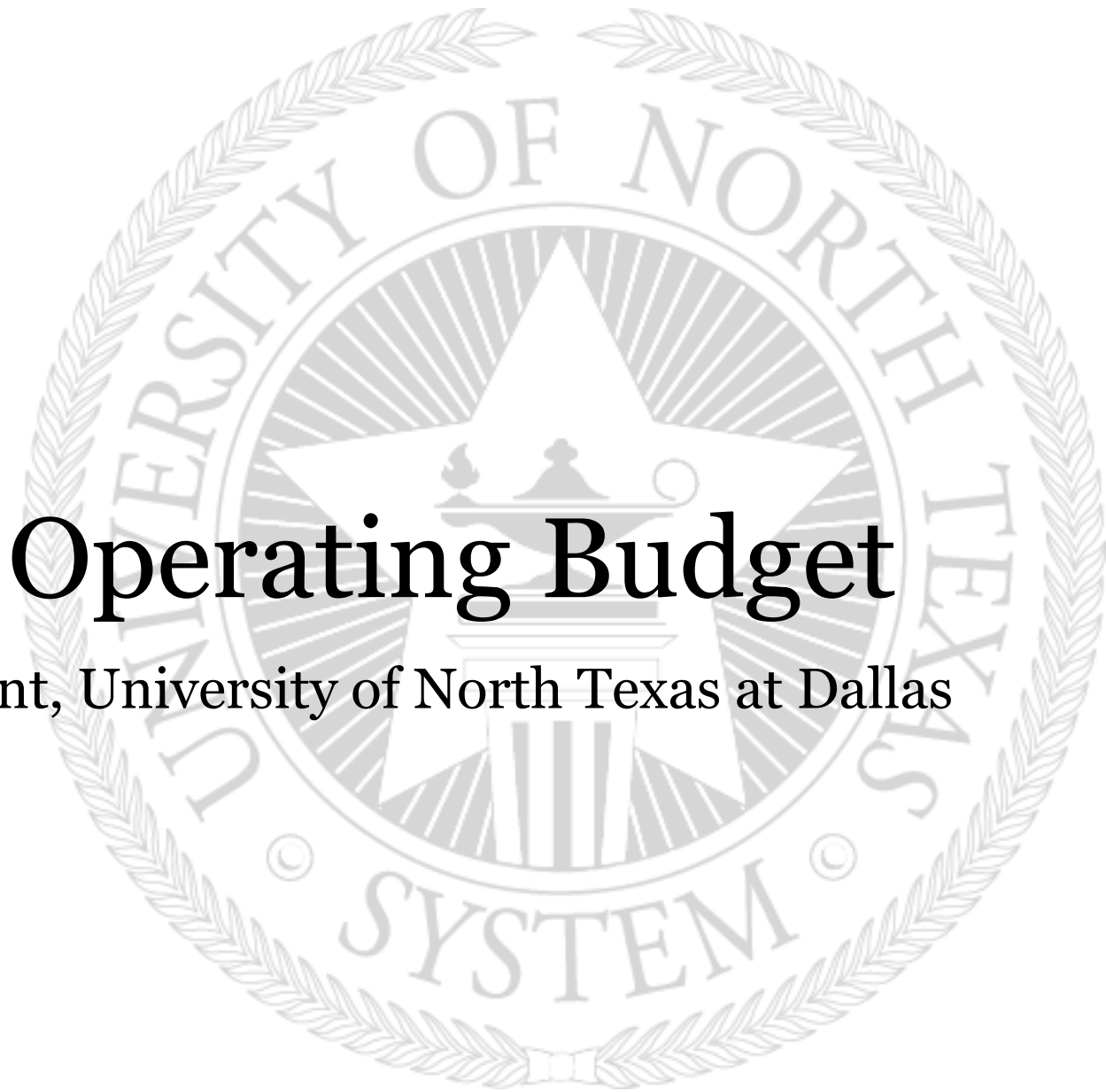
\$5.0 – RFS	Professional Building Renovation
\$80.0 – TRB	Interdisciplinary Research Building
\$5.6 – RFS	Ambulatory Surgical Center Purchase

Note: All dollars are in millions.

Fiscal Year 2017 Operating Budget

Presented by: Bob Mong, President, University of North Texas at Dallas

Date: August 18-19, 2016



Revenues



Budgeted 2016	Budgeted 2017	Change
\$41.1	\$53.6	30%

Sustainability

Enrollment

Tuition and Fee Revenue budgeted to increase 17% from \$17.5 million to \$20.5 million based on a 12% semester credit hour growth at UNT Dallas and the College of Law’s third class.

Philanthropy

\$1,017,000 fundraising goal to provide spendable scholarship dollars, and establish and grow scholarship endowment funds.

Facilities

50% increase in Higher Education Fund (HEF) revenue.

Quality

Serving Under-resourced Students

Increase in Grant and Contract revenue 63% from \$4.2 million to \$6.9 million, including a 39% increase in Pell Grants.

Three Title III grants for developing universities (i.e. Upward Bound, Veterans Upward Bound, and McNair Scholars).

Highlighted Categories	Budgeted 2016	Budgeted 2017	Change
Net Tuition & Fees	\$17.5	\$20.5	17%
Grants & Contracts	\$4.2	\$6.9	63%
Capital Appropriations	\$1.4	\$2.1	50%
Gift Income	\$.8	\$1.0	30%

Note: All dollars in tables are in millions.

Expenditures & Transfers



Budgeted 2016	Budgeted 2017	Change
\$43.1	\$55.4	28%

Learning and Discovery

Academic Programs | Salary and wages increase of 18% from \$18.2 million to \$21.5 million to support 20 new faculty lines (55% of new faculty lines are non-tenure track) and additional student support staff lines.

Sustainability

Affordability | Increase scholarships and financial aid awards 55% from \$7.1 million to \$10.9 million from Pell Grants, internal and external sources.

Expenses for maintenance and operations were strategically developed using a zero based budgeting approach to keep tuition and fee costs flat.

Highlighted Categories	Budgeted 2016	Budgeted 2017	Change
Salaries & Wages	\$18.2	\$21.5	18%
Scholarships, Exemptions & Financial Aid	\$7.1	\$10.9	55%
Supplies & Other	\$5.3	\$5.2	(3%)

Note: All dollars in tables are in millions.

Reserves & Capital Expenditures



2016 Est Unrestricted	2017 Est Unrestricted	Change
\$8.6	\$6.8	21%

Previously-approved Projects Include

- \$30.7 – TRB | Student Learning and Success Center
- \$6.4 – RFS | Dallas Residence Hall
- \$0.5 – HEF | Campus Infrastructure

TRB – Tuition Revenue Bond
 RFS – Revenue Financing System
 HEF – Higher Education Fund

Planned Use of Reserves

- \$318,365 | Student Services Fees
- \$437,175 | Start-Up Funds
- \$1,018,629 | General Unrestricted Unallocated (Designated and GRD)

Note: All dollars are in millions unless otherwise noted.

Fiscal Year 2017 Operating Budget

Presented by: Neal Smatresk, President, University of North Texas

Date: August 18-19, 2016



Revenues



Budgeted 2016	Budgeted 2017	Change
\$644.1	\$695.1	7.9%

Learning and Discovery

Quality and Accessibility | \$138.14 million in state appropriations helps transform an increasingly first-generation college student population into the workforce leaders of tomorrow.

Sustainability

Enrollment | Increase in enrollment to over 37,900 students, semester credit hours projected increase of 2%, and 3.9% increase in tuition is an estimated increase net tuition of \$31.13 million.

Physical Resources | \$37.56 million in capital appropriation for Higher Education (HEF) funds, an increase of \$12.52 million from FY 2016.

Highlighted Categories	Budgeted 2016	Budgeted 2017	Change
Tuition and Fees	\$ 261.55	\$ 309.68	-
Sales of Goods & Services	106.19	94.53	-
Other Revenue	2.62	0.76	-
Subtotal <i>*the above categories realign between FY 2016 and FY 2017</i>	\$ 370.35	\$ 404.97	9.3%
Grants & Contracts	\$ 97.91	\$ 105.02	7.3%
Capital Appropriations-HEF	\$ 25.04	\$ 37.56	50.0%
Gift Income	\$ 10.96	\$ 7.36	-32.8%

Note: All dollars in tables are in millions.

Expenditures & Transfers



Budgeted 2016	Budgeted 2017	Change
\$638.7	\$685.3	7.3%

Learning and Discovery

Research	Improve the university's research, scholarship and reputation with \$2.17 million more in FY 2017 expenditures.
Student Success and Customer Service	Dedicate \$1.6 million to begin to transform Sage Hall into a one-stop student support center.

People and Teamwork

Faculty and Staff Benefits	\$4.84 million (3%) merit pool for faculty and staff and \$4.16 million in additional benefit expenses. \$3.0 million for salary contingency reserves for new federal regulations for FLSA and the staff job evaluation and grading project.
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Quality Experiences

Academic Affairs	UNT's New College at Frisco operations and instructions new funding of \$2.0 million.
Athletics	Athletics changes with additional central funding of \$2.3 million.

Highlighted Categories	Budgeted 2016	Budgeted 2017	Change
Salaries, Wages, & Payroll Related Costs	\$ 353.66	\$ 380.16	7.5%
Debt Service Principle & Interest	\$ 35.7	\$ 44.2	23.8%
Facilities & Capital	\$13.9	\$22.0	58.3%
Scholarships & Financial Aid	\$69.7	\$67.8	-2.7
Impact on Fund Balance	\$5.4	\$9.8	79.5%

Note: All dollars in tables are in millions.

Reserves & Capital Expenditures



2016 Est Unrestricted	2017 Est Unrestricted	Change
\$ 150.7	\$ 160.6	6.6 %

New Projects Include

- \$18 – RFS | New Residence Halls
- \$9.5 - RFS | 1500 I-35 Collab Lab
- \$7 - RFS | General Academic Building MEP
- \$7.5 - AUX | Kerr Hall Kitchen & Dining Renovation

RFS – Revenue Financing System
 TRB – Tuition Revenue Bond
 AUX – Auxiliary Reserves

Previously-approved Projects Include

- \$70 – TRB | College of Visual Arts and Design

Estimated Budget Impact on Fund Balance

- \$3.35 | Designated Operating
- \$6.41 | Auxiliary

Note: All dollars are in millions.

Fiscal Year 2017 Operating Budget

Presented by: Donna Asher, Associate Vice Chancellor for Finance and Administration, UNT System Administration

Date: August 18-19, 2016



Revenues & Transfers



Budgeted 2016	Budgeted 2017	Change
\$69.3	\$63.1	(9%)

Learning & Discovery

Student Commitment

Renovation of Municipal Building for quality educational environment for the College of Law students (\$4.3 million).

Advancing information technologies with data warehousing, student mobility, and enrollment management planning (\$2.8 million).

Sustainability

Methods of Finance

Different campus financing methods using general revenue, designated, and Higher Education Fund (HEF) (-\$2.6 million).

Completed non-recurring consulting services (-\$5.3 million).

Project Management

Increase in project management revenue reflects higher volume of capital projects in FY17 (from \$2.4m to \$4m)

Highlighted Categories	Budgeted 2016	Budgeted 2017	Change
State Appropriations	\$7.9	\$8.2	3%
Tuition Revenue Bonds	0	\$4.3	--
Transfers Between UNTS Components	\$58.4	\$46.9	(19%)

Note: All dollars in tables are in millions.

Expenditures



Budgeted 2016	Budgeted 2017	Change
\$68.6	\$65.4	(5%)

Sustainability

Financial Controls & Compliance

Upgrade audit function to ensure adherence to new policies and procedures (\$400k) and to sustain the proper staffing levels hired in FY16 (\$391k).

Comply with new State (e.g. e-Verify) and Federal (e.g. Affordable Care Act) requirements (\$500k).

People & Teamwork

Customer Service

Annualized cost for finance operations (\$1.9m).

Culture of service training and technology (\$500k).

Human Resources and Internal Audit lease payments to campuses (\$375k).

Highlighted Categories	Budgeted 2016	Budgeted 2017	Change
Personnel Costs	\$37.9	\$40.5	7%
Professional Fees & Services	\$10.6	\$4.3	59%

Note: All dollars in tables are in millions.

Reserves & Capital Expenditures



2016 Est Unrestricted	2017 Est Unrestricted	Change
\$18.0	\$13.0	(27%)

Previously-approved Project:

\$56.0 – TRB | Renovation of Municipal Building supports the UNT Dallas College of Law

TRB – Tuition Revenue Bond

Planned Use of Reserves:

- \$2.5 | Transfer of College of Law reserves to UNT Dallas in FY16
- \$2.4 | Stabilize FY17 operations to enable long-term adjustments as determined through increased ongoing revenue options and decreased expenditures

Note: All dollars are in millions.

UNT System FY2017 Capital Improvement Plan

Presented by: James Maguire, Vice Chancellor for Facilities Planning & Development

Date: August 18, 2016



UNT System FY 2017 Capital Improvement Plan

Each August, the Board acts on the UNT System Capital Improvement Plan, authorizing new projects for the upcoming fiscal year.

UNT System FY 2017 Capital Improvement Plan

- **The FY2017 CIP will add 13 new projects totaling \$99.06M**
- UNT
 - Discovery Park Bio Engineering Addition
 - Classroom Building
- HSC
 - East Parking Garage Renovation
 - Seminary Medical Clinic

UNT System FY 2017 Capital Improvement Plan

- **Previously approved projects**
- The FY2016 CIP includes 24 projects with total planned expenditures of \$489.56M
- When combined with 9 projects approved prior to FY2016, active projects total 33, with planned expenditures of \$720.49M

UNT System FY 2017 Capital Improvement Plan

	Number of Projects	Total Project Budgets	Funds Committed to Date	Planned FY 2017 Expenditures
Previously Approved	33	\$ 720.49	\$ 211.00	\$ 215.91
FY 2017	13	\$ 99.06	\$ -	\$ 14.83
TOTAL	46	\$ 819.55	\$ 211.00	\$ 230.74

- **Previously approved projects are proceeding on schedule and on budget**
- For the previously approved projects, approximately \$211M has been committed to date
- \$215M of planned FY2017 costs are primarily related to commencement of construction for four TRB projects
- \$14.8M of planned FY2017 costs has significant amount of planning and design work for new projects

UNT System FY 2017 Capital Improvement Plan

Funding Source	UNT	UNTD	UNTHSC	UNTS	TOTAL (in millions)
Revenue Financing System Bonds	\$ 67.50	\$ -	\$ 11.20	\$ -	\$ 78.70
Other Funds (HEAF, Local, etc)	\$ 20.36	\$ -	\$ -	\$ -	\$ 20.36
Tuition Revenue Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 87.86	\$ -	\$ 11.20	\$ -	\$ 99.06

- Project cash flow needs are closely coordinated with Vice Chancellor of Finance and Campus Finance Officers

Scope and Budget Modifications and Project Status Reporting

Under Regents Rules, the Chancellor has authority to approve limited scope and budget changes to approved projects.

- The limits for these adjustments is plus or minus 5% with appropriate confirmation of funds.
- The excess amount is reported in an amendment to the Capital Improvement Plan at the next regularly scheduled Board Meeting.

Changes in scope or budget greater than 5% of approved amounts require amendment of CIP and Board approval.

Quarterly progress reporting will continue to be provided to the Board.





Board Briefing

Committee: Finance & Facilities

Date Filed: August 11, 2016

Title: Approval of the FY17 UNT System Consolidated Budget

Background:

The Office of the Vice Chancellor for Finance presents to the Board of Regents the FY2017 Consolidated Budget for approval on behalf of the University of North Texas (UNT), UNT Health Science Center (UNTHSC), University of North Texas at Dallas (UNTD), and UNT System Administration (System Administration).

The proposed Budget is a combination of Current Funds for Board approval and estimates of Non-current Funds to provide the expected impact of the Budget on the financial health of the institution. This All Funds approach is taken to meet the expectations of the Board of Regents for greater public transparency, accountability and integrated financial operations at the UNT System. This new budget format will allow for comparison to the Consolidated Annual Financial Report (CAFR) and include budgets/estimates of all financial activity including capital expenses.

The proposed Consolidated UNT System Budget is composed of Revenue of \$1,054.6m in Current Funds and \$347m in Non-current Funds for a total \$1,401.6m revenue budget. Expenditures for Current Funds are \$1,014m, \$192.3m in Non-current Funds for a total \$1,206.3 m expense budget. After total net transfers of \$15.7m, this budget results in a net impact to fund balance of \$211m.

Financial Analysis/History:

The UNT System Consolidated Budget as presented provides detailed information on the proposed revenue, expense and transfer budgets and their impact on the financial health of the UNT System.

Bob Brown

Digitally signed by Bob Brown
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ou=VP for Finance and Administration,
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Date: 2016.08.11 10:43:31 -05'00'

UNT Chief Financial Officer

**Gregory R.
Anderson**

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UNT Dallas Chief Financial Officer

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Vice Chancellor/General Counsel

Schedule:

Once approved, this budget will be implemented for FY 2017 beginning September 1, 2016.

Recommendation:

Approval of the FY 2017 Consolidated Current Fund Budget for UNT, UNTHSC, UNTD and System Administration.

Recommended By:

Janet Waldron
Vice Chancellor for Finance

Chancellor

Attachments Filed Electronically:

- UNT System FY2017 Consolidated Operating Budget



Board Order

Title: Approval of the FY17 UNT System Consolidated Budget

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, each institution of the UNT System has developed a budget for the 2017 Fiscal Year, and

Whereas, the total Current Funds revenue budget of the UNT System is summarized in the following table, and

Current Funds Revenue by UNTS Component					
	Education and General	Designated Operating	Auxiliary Enterprises	Restricted Expendable	Total Current Funds
University of North Texas	248,866,808	269,512,708	86,582,021	90,130,909	695,092,446
UNT Health Science Center	126,976,219	132,921,891	570,136	35,216,424	295,684,670
UNT Dallas	31,306,081	14,232,897	155,000	7,896,681	53,590,659
UNT System Administration	8,150,650	165,989	1,899,505	-	10,216,144
Total UNTS Consolidated	415,299,758	416,833,485	89,206,662	133,244,014	1,054,583,919

Whereas, the total Current Fund expense budget of the UNT System is summarized in the following table, and

Current Funds Expenditures by UNTS Component					
	Education and General	Designated Operating	Auxiliary Enterprises	Restricted Expendable	Total Current Funds
University of North Texas	231,946,179	228,707,059	78,798,432	90,537,725	629,989,395
UNT Health Science Center	101,526,004	130,880,327	570,136	30,387,423	263,363,890
UNT Dallas	36,194,841	10,929,712	155,000	7,896,681	55,176,234
UNT System Administration	13,807,919	46,511,931	5,124,777	-	65,444,627
Total UNTS Consolidated	383,474,943	417,029,029	84,648,345	128,821,829	1,013,974,146

Whereas, the total Current Fund transfer budget of the UNT System is summarized in the following table

Current Funds Transfers by UNTS Component					
	Education and General	Designated Operating	Auxiliary Enterprises	Restricted Expendable	Total Current Funds
University of North Texas	(16,920,630)	(37,451,987)	(1,367,911)	406,816	(55,333,712)
UNT Health Science Center	(19,384,145)	1,253,623	-	(4,829,001)	(22,959,523)
UNT Dallas	4,205,741	(4,394,335)	-	-	(188,594)
UNT System Administration	5,657,269	43,952,839	3,225,272	-	52,835,380
Total UNTS Consolidated	(26,441,765)	3,360,140	1,857,361	(4,422,185)	(25,646,449)

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

1. The FY 2017 Current Funds operating budget for UNT System institutions (UNT, UNTHSC, UNTD and UNT System Administration) as presented

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



2017 Consolidated Operating Budget

University of North Texas System

Janet Waldron, Vice Chancellor for Finance

1901 MAIN STREET
DALLAS, TEXAS 75201
(214) 752-5541

Consolidated Operating Budget

The University of North Texas System plays a major role in providing affordable, high-quality education to more than 42,000 students in undergraduate, graduate, and professional programs and increases economic activity in North Texas by over \$5.2 billion annually.

This document presents The University of North Texas System's fiscal 2017 Consolidated Operating Budget including the component institutions and System Administration. This document also presents some information about the budget process, budget policies, as well as a glossary of terms. Each institution has provided an overview with highlights and assertions providing support that their budget submissions support their individual strategic goals and objectives, as well as the overarching strategic vision of the UNT System.



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Consolidated Budget Overview

Executive Summary and Highlights

The University of North Texas System Consolidated Operating Budget Summary Book presents summary information on total sources and uses of the individual Universities' and System Administration's funds by major fund groups for current and non-current funds. Budget planning and development was guided by the campus strategic plans and the policy decisions and planning parameters of the Chancellor and the Board of Regents. Net tuition and fee revenues included in these budgets are based on tuition and required fee rates approved by the Board. The increase in net fee revenues included in the budget is driven by enrollment changes related to student mix, enrollment growth, and financial aid combined with approved rate increases in tuition, and other required fees.

Revenues

UNT System Consolidated fiscal year 2017 total budgeted revenues are \$1.4 billion. Fiscal year 2017 budgeted State appropriation revenues for UNT System in total are \$25.9 million (8.7%) higher than fiscal year 2016 budgeted appropriation revenues. During the 84th Legislative session (2016-2017 Biennium), the State of Texas increased funding for the UNT System in General Revenue, increased funding for the Higher Education Fund (Capital Appropriations), funded new and existing Special Items, and funded Tuition Revenue Bonds for new construction for many new projects System-wide. Net tuition and fees revenues are budgeted at an increase of \$52.2 million (17.0%) for fiscal year 2017 over fiscal year 2016. This increase is attributed to modest tuition and fee increases at some institutions and increased enrollment across the System.

Expenses

Total budgeted expenses for UNT System for fiscal year 2017 are \$1.2 billion. Salaries and wages make up the largest portion of expenses at \$507.6 million or 50% of the total budget. Total personnel costs including benefits total \$634.6 million or 63% of the total expense budget. The majority of Current Fund expenses are from Education and General funds (37.8%) and Designated Operating funds (41.1%).

The UNT System Consolidated Operating Budget reflects an impact on fund balances in current funds of approximately \$15 million. Where applicable, planned usages of fund balance are included on an institution's budget template, and are included on the UNT System Consolidated detail template.

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FISCAL YEAR 2017 UNT SYSTEM BUDGET FOR REVENUES, EXPENSES & OTHER CHANGES IN FUND BALANCES

University of North Texas System Consolidated				
Budget for Revenues, Expenses and Other Changes in Fund Balances				
All Funds	FY 2016 Budget	FY 2017 Budget	Variance	Variance %
Income/Funding Sources				
Tuition & Fees - Net	308,037,935	360,267,785	52,229,850	17.0%
Sales of Goods and Services	108,828,345	112,337,448	3,509,103	3.2%
Grant & Contracts (Federal & State)	214,884,551	206,649,852	(8,234,699)	-3.8%
State Appropriations	259,731,973	266,638,539	6,906,566	2.7%
Capital Appropriations - HEF	37,844,609	56,766,916	18,922,307	50.0%
Net Professional Fees	16,296,418	33,013,420	16,717,002	102.6%
Gift Income	15,445,838	14,358,631	(1,087,207)	-7.0%
Investment Income	8,503,608	6,180,044	(2,323,564)	-27.3%
Other Revenue	15,667,862	974,790	(14,693,072)	-93.8%
New Issuance of Debt	60,908,037	344,445,156	283,537,119	465.5%
Total	\$ 1,046,149,176	\$ 1,401,632,581	\$ 338,766,403	34.0%
EXPENDITURES				
Personnel Costs	602,629,336	634,668,140	32,038,805	5.3%
Supplies and Other	134,593,867	142,488,379	6,254,574	4.6%
Travel	11,620,133	12,075,064	454,931	3.9%
Purchased Services	55,615,084	60,584,359	4,997,275	9.0%
Scholarships, Exemptions & Financial Aid	78,771,557	83,833,847	5,062,290	6.4%
Debt Service Principal	35,605,619	47,553,669	11,948,050	33.6%
Capital Outlay	111,897,914	195,494,296	87,292,073	78.0%
Federal and State Pass-Through Expense	156,180	230,034	73,854	47.3%
Interest Expense and Fiscal Charges	18,090,188	29,386,684	11,296,496	62.4%
Total	\$ 1,048,979,878	\$ 1,206,314,472	\$ 159,418,348	15.2%
Excess Income Over Expenditures	\$ (2,830,702)	\$ 195,318,109	\$ 179,348,055	-
Other Revenues, Expenses, Gains, Losses & Transfers				
<i>Transfers Between UNTS Components</i>				
Transfers In/Out	3,943,340	-	(62,830)	-1.6%
<i>Other Transfers</i>				
Transfers to Other State Agencies In/(Out)	-	(212,784)	-	-100%
Other Legislative Transfers In/(Out)	(141,856)	15,933,214	15,862,286	-11182.0%
Total Other Revenue, Expenses, and Transfers	\$ 3,801,484	\$ 15,720,430	\$ 15,799,456	415.6%
Budget Margin (Deficit)	\$ 970,782	\$ 211,038,539	\$ 195,147,511	
Less: Plant Funds	\$ (10,277,635)	\$ 194,411,962	\$ 204,689,597	
Estimated Impact on Fund Balances Exclusive of Plant Funds	\$ 11,248,417	\$ 16,626,577	\$ 5,378,160	47.8%
Planned Use of Fund Balances	\$ 22,302,000	\$ 5,967,272	\$ (16,334,728)	-73.2%



**FISCAL YEAR 2017 UNT SYSTEM
BUDGET DETAIL BY FUND GROUP – CURRENT FUNDS**

University of North Texas System Consolidated					
Fiscal Year 2017 Budget Detail by Fund Group					
	<i>Current Funds</i>				Current Funds
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	
REVENUES					
Net Tuition and Fees	70,807,804	271,549,504	17,512,038	(1,561)	359,867,785
Sales of Goods and Services	262,285	37,925,210	71,549,954	2,600,000	112,337,449
Grants and Contracts	20,646,203	65,870,019	-	120,083,581	206,599,803
State Appropriations	266,638,539	-	-	-	266,638,539
Capital Appropriations	56,766,916	-	-	-	56,766,916
Net Professional Fees	-	33,013,420	-	-	33,013,420
Gift Income	-	3,861,637	-	9,396,994	13,258,631
Investment Income	120,011	3,920,215	41,671	1,165,000	5,246,897
Other Revenue	58,000	693,479	103,000	-	854,479
New Issuance of Debt	-	-	-	-	-
Revenues	415,299,758	416,833,484	89,206,663	133,244,014	1,054,583,919
EXPENDITURES					
Salaries - Faculty	130,279,925	75,405,738	-	11,321,045	217,006,708
Salaries - Staff	106,096,522	109,727,793	18,546,796	15,575,878	249,946,989
Wages and Other Compensation	6,377,975	25,199,947	5,557,787	3,555,956	40,691,665
Benefits and Other Payroll-Related Costs	67,022,904	46,711,005	6,879,322	6,409,547	127,022,778
Cost of Goods Sold	-	827,500	8,003,446	5,583	8,836,529
Professional Fees and Services	1,539,718	44,005,569	6,508,433	8,122,637	60,176,357
Travel	3,000	10,359,857	158,118	1,554,089	12,075,064
Materials and Supplies	8,217,635	45,680,814	5,510,979	4,758,852	64,168,280
Communication and Utilities	523,245	8,174,905	5,156,059	187,617	14,041,826
Repairs and Maintenance	3,605,109	10,426,906	3,452,586	305,148	17,789,749
Rentals and Leases	1,111,572	11,042,170	1,453,225	266,132	13,873,099
Printing and Reproduction	181,581	3,506,283	380,554	280,230	4,348,648
Debt Service - Principal	17,898,270	7,585,295	9,741,705	-	35,225,270
Debt Service - Interest	12,183,087	6,693,890	10,509,707	-	29,386,684
Capital Expenditures	13,481,606	4,301,458	397,169	1,455,559	19,635,792
Federal and State Pass-Through Expense	-	-	-	230,034	230,034
Scholarships, Exemptions & Financial Aid	13,839,670	1,841,459	713,459	67,439,259	83,833,847
Internal Income	-	(14,334,709)	(1,303,989)	-	(15,638,698)
Other Expenditures	1,113,124	19,873,149	2,982,987	7,354,263	31,323,523
Expenditures	383,474,943	417,029,029	84,648,343	128,821,829	1,013,974,144
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	(42,162,195)	4,192,309	1,025,192	(4,422,185)	(41,366,879)
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	-	-	-	-
Core Services	-	-	-	-	-
Other Inter-Unit Transfers In/(Out)	-	(832,169)	832,169	-	-
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	(212,784)	-	-	-	(212,784)
Other Legislative Transfers In/(Out)	15,933,214	-	-	-	15,933,214
Transfers	(26,441,765)	3,360,140	1,857,361	(4,422,185)	(25,646,449)
Estimated Impact on Fund Balance	5,383,050	3,164,595	6,415,681	-	14,963,326
Planned Use of Fund Balance					
UNT HEF used for Capital Expenses	-	-	-	-	-
UNT Dallas planned use of Fund Balance	683,019	1,091,150	-	-	1,774,169
UNT System Operations Support	-	2,393,103	-	-	2,393,103
Planned Use of Fund Balance	683,019	3,484,253	-	-	4,167,272



**FISCAL YEAR 2017 UNT SYSTEM
BUDGET DETAIL BY FUND GROUP – NON-CURRENT FUNDS**

University of North Texas System Consolidated					
Fiscal Year 2017 Budget Detail by Fund Group (Continued...)					
	<i>Non-Current Funds</i>				<i>FY17</i>
	Endowment Funds	Loan Funds	Plant and Debt	Non-Current	All Funds
REVENUES					
Net Tuition and Fees	-	400,000	-	400,000	360,267,785
Sales of Goods and Services	-	-	-	-	112,337,448
Grants and Contracts	-	50,049	-	50,049	206,649,852
State Appropriations	-	-	-	-	266,638,539
Capital Appropriations	-	-	-	-	56,766,916
Net Professional Fees	-	-	-	-	33,013,420
Gift Income	1,100,000	-	-	1,100,000	14,358,632
Investment Income	895,940	-	37,206	933,146	6,180,044
Other Revenue	75,000	45,311	-	120,311	974,790
New Issuance of Debt	-	-	344,445,156	344,445,156	344,445,156
Revenues	2,070,940	495,360	344,482,362	347,048,662	1,401,632,581
EXPENDITURES					
Salaries - Faculty	-	-	-	-	217,006,708
Salaries - Staff	-	-	-	-	249,946,989
Wages and Other Compensation	-	-	-	-	40,691,665
Benefits and Other Payroll-Related Costs	-	-	-	-	127,022,778
Cost of Goods Sold	-	-	-	-	8,836,530
Professional Fees and Services	408,000	-	-	408,000	60,584,359
Travel	-	-	-	-	12,075,064
Materials and Supplies	-	-	-	-	64,168,279
Communication and Utilities	-	-	-	-	14,041,826
Repairs and Maintenance	-	-	-	-	17,789,749
Rentals and Leases	-	-	-	-	13,873,099
Printing and Reproduction	-	-	-	-	4,348,647
Debt Service - Principal	-	-	12,328,399	12,328,399	47,553,669
Debt Service - Interest	-	-	-	-	29,386,684
Capital Expenditures	-	-	179,554,196	179,554,196	199,189,987
Federal and State Pass-Through Expense	-	-	-	-	230,034
Scholarships, Exemptions & Financial Aid	-	-	-	-	83,833,847
Internal Income	-	-	(395,267)	(395,267)	(16,033,965)
Other Expenditures	-	445,000	-	445,000	31,768,523
Expenditures	408,000	445,000	191,487,328	192,340,328	1,206,314,472
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	-	(50,049)	41,416,928	41,366,879	-
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	-	-	-	-
Core Services	-	-	-	-	-
Other Inter-Unit Transfers In/(Out)	-	-	-	-	-
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	-	-	-	-	(212,784)
Other Legislative Transfers In/(Out)	-	-	-	-	15,933,214
Transfers	-	(50,049)	41,416,928	41,366,879	15,720,430
Estimated Impact on Fund Balance	1,662,940	311	194,411,962	196,075,213	211,038,539
Planned Use of Fund Balance					
UNT HEF used for Capital Expenses	-	-	1,800,000	1,800,000	1,800,000
UNT Dallas planned use of Fund Balance	-	-	-	-	1,774,169
UNT System Operations Support	-	-	-	-	2,393,103
Planned Use of Fund Balance	-	-	1,800,000	1,800,000	5,967,272



**FISCAL YEAR 2017 UNT SYSTEM
REVENUE BREAKOUT BY FUND**

University of North Texas System Consolidated					
Fiscal Year 2017 Revenue Breakout by Current Funds					
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	Current Funds
Resident Undergrad Tuition	40,162,301	189,161,932	-	-	229,324,233
Non-resident Undergrad Tuition	20,646,777	10,488,368	-	-	31,135,145
Other Undergrad Tuition	4,375,000	155,318	-	-	4,530,318
Waivers Undergrad Tuition	(12,665,055)	(161,530)	-	-	(12,826,585)
Gross Undergraduate Tuition	52,519,023	199,644,088	-	-	252,163,111
Resident Graduate Tuition	23,031,445	32,066,960	-	-	55,098,404
Non-resident Graduate Tuition	19,884,210	8,253,831	-	-	28,138,042
Other Graduate Tuition	150,000	3,382,676	-	-	3,532,676
Waivers Graduate Tuition	(5,862,004)	(1,508,207)	-	-	(7,370,211)
Gross Graduate Tuition	37,203,650	42,195,261	-	-	79,398,911
Fees - Instructional	496,500	22,479,067	-	-	22,975,566
Fees - Mandatory	-	72,114,948	17,446,391	-	89,561,340
Fees - Incidental	-	10,978,908	213,500	-	11,192,408
Waivers - Fees	(2,746)	(1,087,895)	(17,200)	-	(1,107,841)
Gross Fees	493,754	104,485,028	17,642,691	-	122,621,472
Disc & Allow-Tuition and Fee	(19,408,623)	(74,774,873)	(130,653)	(1,561)	(94,315,710)
Discount and Allowances	(19,408,623)	(74,774,873)	(130,653)	(1,561)	(94,315,710)
Tuition and Waiver Conversion	-	-	-	-	-
Net Tuition and Fees	70,807,804	271,549,504	17,512,038	(1,561)	359,867,785
Athletics	-	10,394,283	-	-	10,394,283
Auxiliary Enterprises	-	1,558,194	69,179,841	-	70,738,035
Discounts and Allowances - Auxiliaries	-	-	-	-	-
Other Sales of Goods and Services	262,285	25,972,733	2,370,113	2,600,000	31,205,131
Sales of Goods and Services	262,285	37,925,210	71,549,954	2,600,000	112,337,448
Federal Programs and Contracts	-	31,123,069	-	46,082,573	77,205,642
Federal Financial Aid	-	-	-	57,061,307	57,061,307
State Programs and Contracts	1,175,000	1,512,458	-	4,752,319	7,439,777
State Financial Aid	19,471,203	-	-	-	19,471,203
Other Grants and Contracts	-	33,234,492	-	12,187,381	45,421,873
Grants and Contracts	20,646,203	65,870,019	-	120,083,581	206,599,803
State Appropriations - General	219,727,275	-	-	-	219,727,275
State Appropriations - Additional	46,911,264	-	-	-	46,911,264
State Appropriations	266,638,539	-	-	-	266,638,539
Capital Appropriations - HEF	56,766,916	-	-	-	56,766,916
Capital Appropriations	56,766,916	-	-	-	56,766,916
Gross Professional Fees	-	63,980,026	-	-	63,980,026
Contractual Allowances and Discounts	-	(30,966,606)	-	-	(30,966,606)
Net Professional Fees	-	33,013,420	-	-	33,013,420
Gift Income	-	3,861,637	-	9,396,994	13,258,632
Investment Income	120,011	3,920,215	41,671	1,165,000	5,246,898
Other Revenue	58,000	693,479	103,000	-	854,479
Revenues	415,299,759	416,833,484	89,206,662	133,244,014	1,054,583,919

UNT Budget Overview

Executive Summary and Highlights

Strategic Impact and Major Goals Addressed by FY 2017 Budget

In the past year, the University of North Texas has accomplished several key initiatives that have helped the university to strategically grow enrollment and maintain operations. During the past year UNT has:

- Welcomed its largest freshman class to date in fall 2015 with a nearly 3% increase in enrollment
Fall 2015 students included 30 National Merit Finalists, including 15 new finalists.
- Established four Research Institutes of Excellence that are pipeline for bringing UNT's research to industry and the marketplace
- Was named as one of the nation's 115 top-tier research universities, according to the latest Carnegie Classification
- Reorganized VP areas, hired new deans for colleges of Information and Music and made other critical leadership hires and appointments
- Launched new accounting/general ledger software and training
- Conducted successful SACSCOC visit for reaffirming accreditation
- Completed Rawlins Hall, opened the new University Union and began upgrades to the Science Research Building
- Launched UNT's New College at Frisco, an off-site instructional facility

The university has strengthened its recruiting and enrollment management operations to continue sustainable enrollment growth with a focus on increasing the quality, quantity and diversity of UNT's student population. The university is in the process of fully implementing Customer Relations Management (CRM) software to better recruit, enroll and retain students and has improved its financial aid awards process.

The base funding added in FY 2016 supported additional faculty, additional part-time faculty for summer school, and increased academic support staff including academic advisors. Significant operations accomplishments for FY 2016 included the completion of Rawlins Hall, the University Union opening and the acquisition of the 1500 I-35 property for UNT's new Collab Lab and other gateway properties.

UNT's strategic goals support its primary mission to be a student's pathway to a college degree and career success. With more than 37,000 students, UNT is not just one of the state's largest



public universities, it's also one of its biggest producers. UNT is one of the state's Top 5 universities for its number of graduates each year, graduating more than 8,500 students in the 2015-16 academic year. UNT consistently leads the North Texas region and ranks among the state's top universities for the number of doctoral degrees awarded annually. UNT helps power the North Texas region's workforce with well-educated, highly qualified graduates. Of its 393,000 alumni, 263,000 live in the Dallas-Fort Worth area.

UNT's FY 2017 budget reflects its commitment to strategic goals to:

- Continue strengthening the quality of academics, scholarship and research with a focus on increasing the number of top ranked programs and growing research funding
- Support student success with a focus on timely graduation and career placement
- Improve customer service and value
- Continue investing in faculty and staff to help develop their full potential

Operations will remain a priority in FY 2017 with dedicated funding for building and facilities improvements in key areas, property/land acquisition, and new buildings such as a new home for the College of Visual Arts and Design and new residence halls.

To improve the university's research, scholarship and reputation, the university is tackling core issues in FY 2017, which include recruiting and retaining high-quality faculty in strategic areas.

In FY 2017, UNT will begin transforming Sage Hall into a one-stop student support center to help strengthen the student experience and give students a strong, visible support hub.

The FY 2017 budget reflects UNT's strategic goals as UNT will continue to fulfill its mission of graduating leaders and being a strong partner and resource for communities and businesses.

Revenues

State Appropriations

Increased support from the 84th Texas Legislative session for the 2016-2017 biennium continues to help UNT to transform an increasingly first-generation college student population into the workforce leaders of tomorrow. For FY 2017 UNT will receive:

- \$138.14 million in general revenue fund and allocations for employee benefits, which includes:
 - \$3.23 million in research funding
 - \$1.87 million in support of Texas Academy of Mathematics and Science
- \$37.56 million in capital appropriation for Higher Education (HEF) funds, an increase of \$12.52 million from FY 2016



Tuition and Fees

UNT's headcount enrollment is expected to increase by 2% in FY 2017, to 37,918 from FY 2016's fall enrollment of 37,175. With both headcount enrollment growth and increased semester credit hours, UNT anticipates net tuition and fees of \$310.08 million in FY 2017, a budget increase of \$48.13 million.

The estimated \$48.13 million increase contains projected net tuition of \$31.13 million and fee revenue of \$17 million (Auxiliary fees recorded in Net Tuition and Fees were budgeted in Other Sales of Goods and Services in FY 2016). The increase of tuition and fees includes a 2% growth in semester credit hours and reflects the UNT System Board of Regent's approved 3.9% increase in the tuition rate for undergraduates. In addition, the growth includes an estimated 10% increase from FY 2016 forecasted actual over budget.

Undergraduates can choose between two tuition rates, a fixed rate plan and a traditional tuition plan. The rate for the Eagle Express Tuition Plan, the fixed rate plan, increases total academic cost by 3.9% for each entering class and is locked in for four years. For Fall 2015, 6,398 students had opted into the Eagle Express plan. The traditional plan increases total academic cost by 3.9% per year over a four-year period that started in Fall 2014. The FY 2017 net tuition and fees increase includes the impacts of the Eagle Express cohorts of FY 2015, FY 2016 and upcoming FY 2017, and the traditional tuition plan.

Expenses

Faculty and Staff Salaries and Wages

UNT is continually reviewing areas to address career progression and compensation issues to maintain a supportive environment for staff and faculty members. In FY 2016, UNT provided 2.5% for merit raises in recognition of outstanding faculty and staff members.

In FY 2016 the university hired more part-time and summer faculty to expand summer school enrollment and offerings while hiring more advising, financial aid, and academic support staff to provide better support to students. The university also addressed faculty equity issues in FY 2016 and continued working on its staff job evaluation and grading project to review staff job titles, job progression and market competitive compensation.

In FY 2017 the university will focus on core issues with strategic funding including:

- \$8.55 million in new funding allocated for Academic Affairs
 - \$2.17 million for faculty salaries including opportunity hires and high impact positions
 - \$2.0 million for UNT's New College at Frisco operational and instructional expenses
 - \$1.53 million for international academic efforts including study abroad and international student recruitment
 - \$1.48 million for academic support staff salaries including \$747,500 dedicated specifically for academic advisors
 - \$700,000 for Career Connect, UNT's Quality Enhancement Plan (QEP)



- \$544,000 for Toulouse Graduate School for additional graduate tuition benefits
- \$4.84 million (3%) merit pool for faculty and staff, of which \$2.4 million is centrally funded, to be awarded effective March 1, 2017 after verification of fall enrollment and preliminary estimates for future state general revenue from the 85th Legislative Session.

	FY 2016	FY 2017	
FTE Categories	Budget	Budget	% Change
Administrators	62.0	64.0	3.2%
Faculty	1668.0	1682.0	0.8%
Other Staff	3616.0	3634.0	0.5%
Total FTE	5346.0	5380.0	0.6%

Benefits

UNT has budgeted \$4.16 million in additional benefit expenses for FY 2017, or an increase of 5.58%. Staffing increases in faculty and staff support and increases for insurance have resulted in the increase in benefits expenditures.

Other Strategic Funding

Dedicated funding for strategic goals for FY 2017 also includes increased funding for:

- \$3.35 million unallocated to improve net financial position
- \$3.0 million for salary contingency reserves for new federal regulations for FLSA and the staff job evaluation and grading project
- \$2.3 million for Athletics
- \$850,000 for Marketing
- \$446,000 for Enrollment Management
- \$360,000 for Advancement and Alumni Relations

Reserves and Capital Expenditures

In FY 2016, UNT was authorized to issue Tuition Revenue Bonds of \$70 million to begin building a new home for the College of Visual Arts and Design. FY 2017 will include \$20.2 million for the start of that construction.

Other plant increases for FY 2017 include:

- \$45.63 million from Revenue Financing System (RFS) bonds for plant and facilities
 - \$18 million for new residence halls
 - \$7.0 million for general academic building mechanical, electrical, plumbing (MEP) upgrades
 - \$9.5 million for 1500 I-35 building



- \$2.0 million for anticipated land purchases
- \$2.0 million for Discovery Park BioMedical Engineering Addition
- \$2.2 million for new classroom building
- \$16.05 million from HEF (\$14.25 is current HEF and \$1.80 is HEF reserves) for plant and facilities
 - \$3.4 million Willis Library mechanical, electrical, plumbing (MEP)
 - \$3.0 million Life Science Lab upgrade
 - \$3.0 million Sycamore renovation
 - \$3.2 million Wooten Hall code upgrade and MEP
 - \$1.6 million Sage Hall Academic Success Center
 - \$1.5 million land acquisitions
- \$15.53 million from Auxiliary reserves for plant and facilities
 - \$7.48 million Kerr Hall Kitchen and Dining Renovation
 - \$4.95 million Fouts Field Demolition
 - \$1.60 million Track and Field Stadium and Sports Fields
 - \$1.50 million Kerr Hall Air Handler replacement phase 1

Strategic Impacts

The FY 2017 budget reflects UNT's strategic priorities and a continued strong investment in its core mission as a major public research university deeply committed to advancing educational excellence and preparing students to become thoughtful, engaged citizens of the world. Comprehensive plans are underway for the upcoming Legislative Appropriations Request along with continued strategic alignment of resources for FY 2018 and beyond.

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**FISCAL YEAR 2017 UNT
BUDGET FOR REVENUES, EXPENSES & OTHER CHANGES IN FUND BALANCES**

University of North Texas				
Revenues, Expenses and Other Changes in Fund Balances				
All Funds	FY 2016 Budget	FY 2017 Budget	Variance	Variance %
Income/Funding Sources				
Tuition & Fees - Net	261,946,581	310,080,846	48,134,265	18.4%
Sales of Goods and Services	104,825,837	94,527,606	(10,298,231)	-9.8%
Grant & Contracts (Federal & State)	97,909,404	105,016,131	7,106,727	7.3%
State Appropriations	137,978,512	138,138,031	159,519	0.1%
Capital Appropriations - HEF	25,041,370	37,562,056	12,520,686	50.0%
Net Professional Fees	1,667,790	-	(1,667,790)	-100.0%
Gift Income	11,111,000	8,461,637	(2,649,363)	-23.8%
Investment Income	4,416,000	2,976,468	(1,439,532)	-32.6%
Other Revenue	2,667,685	879,817	(1,787,868)	-67.0%
New Issuance of Debt	28,267,467	123,800,000	95,532,533	338.0%
Total	\$ 675,831,646	\$ 821,442,592	\$ 145,610,946	21.5%
Expenditures				
Personnel Costs	353,658,221	380,164,591	26,506,370	7.5%
Supplies and Other	89,930,324	101,378,720	11,448,396	12.7%
Travel	7,926,164	8,125,277	199,113	2.5%
Purchased Services	8,379,744	15,903,202	7,523,458	89.8%
Scholarships, Exemptions, and Financial Aid	69,682,082	67,768,088	(1,913,994)	-2.7%
Debt Service Principal	26,290,279	24,940,248	(1,350,031)	-5.1%
Capital Outlay	75,048,897	124,604,712	49,555,815	66.0%
Federal and State Pass-Through Expense	(37,302)	230,034	267,336	-716.7%
Interest Expense and Fiscal Charges	11,993,371	19,282,631	7,289,260	60.8%
Total	\$ 642,871,780	\$ 742,397,503	\$ 99,525,723	15.5%
Excess Income Over Expenditures	\$ 32,959,866	\$ 79,045,089	\$ 46,085,223	139.8%
Other Revenues, Expenses, Gains, Losses & Transfers				
<i>Transfers Between UNTS Components</i>				
Transfers In/(Out)	(45,053,126)	(38,808,349)	6,244,777	13.9%
<i>Other Transfers</i>				
Other Legislative Transfers In/(Out)	187,402	5,459,745	5,272,343	2813.4%
Total Other Revenue, Expenses, and Transfers	\$ (44,865,724)	\$ (33,348,604)	\$ 11,517,120	25.7%
Budget Margin (Deficit)	\$ (11,905,858)	\$ 45,696,485	\$ 57,602,343	
Less: Plant Funds	\$ (18,826,999)	\$ 34,267,206	\$ 53,094,205	
Estimated Impact on Fund Balances Exclusive of Plant Funds	\$ 6,921,141	\$ 11,429,279	\$ 4,508,138	65.1%
Planned Use of Fund Balances	\$ 20,302,000	\$ 1,800,000	\$ (18,502,000)	91.1%



**FISCAL YEAR 2017 UNT
BUDGET DETAIL BY FUND GROUP – CURRENT FUNDS**

University of North Texas					
Fiscal Year 2017 Budget Detail by Fund Group					
	<i>Current Funds</i>				Current Funds
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	
REVENUES					
Net Tuition and Fees	53,282,963	238,887,406	17,512,038	(1,561)	309,680,846
Sales of Goods and Services	262,285	22,740,009	68,925,313	2,600,000	94,527,606
Grants and Contracts	19,471,203	1,512,458	-	84,032,470	105,016,131
State Appropriations	138,138,031	-	-	-	138,138,031
Capital Appropriations	37,562,056	-	-	-	37,562,056
Net Professional Fees	-	-	-	-	-
Gift Income	-	3,861,637	-	3,500,000	7,361,637
Investment Income	92,270	1,912,380	41,671	-	2,046,322
Other Revenue	58,000	598,817	103,000	-	759,817
New Issuance of Debt	-	-	-	-	-
Revenues	248,866,808	269,512,708	86,582,021	90,130,909	695,092,446
EXPENDITURES					
Salaries - Faculty	92,370,320	37,438,713	-	4,781,066	134,590,099
Salaries - Staff	54,205,574	57,277,537	18,045,487	7,125,414	136,654,012
Wages and Other Compensation	1,731,587	20,551,847	5,513,152	2,449,217	30,245,804
Benefits and Other Payroll-Related Costs	42,100,797	27,203,525	6,739,776	2,630,578	78,674,676
Cost of Goods Sold	-	808,887	8,003,446	14	8,812,347
Professional Fees and Services	45,641	5,979,313	5,799,862	3,670,385	15,495,202
Travel	3,000	7,030,606	157,968	933,703	8,125,277
Materials and Supplies	6,305,703	34,262,633	5,373,895	1,866,896	47,809,127
Communication and Utilities	17,004	2,965,542	4,833,358	38,390	7,854,294
Repairs and Maintenance	1,207,902	5,284,149	2,978,981	153,322	9,624,354
Rentals and Leases	1,042,322	6,801,103	1,316,302	205,746	9,365,473
Printing and Reproduction	12,518	2,997,032	374,091	74,093	3,457,734
Debt Service - Principal	9,418,248	7,315,295	8,206,705	-	24,940,248
Debt Service - Interest	3,453,076	6,410,320	9,419,235	-	19,282,631
Capital Expenditures	8,995,241	2,419,668	86,736	1,152,692	12,654,337
Federal and State Pass-Through Expense	-	-	-	230,034	230,034
Scholarships, Exemptions & Financial Aid	10,885,252	(3,675,184)	713,459	59,844,561	67,768,088
Internal Income	-	(6,995,130)	(1,303,989)	-	(8,299,119)
Other Expenditures	151,994	14,631,202	2,539,966	5,381,614	22,704,777
Expenditures	231,946,179	228,707,059	78,798,432	90,537,725	629,989,395
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	(22,380,375)	1,356,362	(1,367,911)	406,816	(21,985,108)
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	(23,938,020)	-	-	(23,938,020)
Core Services	-	(14,847,244)	-	-	(14,847,244)
Other Inter-Unit Transfers In/(Out)	-	(23,085)	-	-	(23,085)
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	-	-	-	-	-
Other Legislative Transfers In/(Out)	5,459,745	-	-	-	5,459,745
Transfers	(16,920,630)	(37,451,987)	(1,367,911)	406,816	(55,333,712)
Estimated Impact on Fund Balance	-	3,353,661	6,415,678	-	9,769,339
Planned Use of Fund Balance					
HEF Carryforward used for Capital Expenses	-	-	-	-	-
Planned Use of Fund Balance	-	-	-	-	-



FISCAL YEAR 2017 UNT

BUDGET DETAIL BY FUND GROUP – NON-CURRENT FUNDS

University of North Texas					
Fiscal Year 2017 Budget Detail by Fund Group (Continued...)					
	<i>Non-Current Funds</i>				<i>FY17</i>
	Endowment Funds	Loan Funds	Plant and Debt	Non-Current	All Funds
REVENUES					
Net Tuition and Fees	-	400,000	-	400,000	310,080,846
Sales of Goods and Services	-	-	-	-	94,527,606
Grants and Contracts	-	-	-	-	105,016,131
State Appropriations	-	-	-	-	138,138,031
Capital Appropriations	-	-	-	-	37,562,056
Net Professional Fees	-	-	-	-	-
Gift Income	1,100,000	-	-	1,100,000	8,461,637
Investment Income	892,940	-	37,206	930,146	2,976,468
Other Revenue	75,000	-	-	120,000	879,817
New Issuance of Debt	-	-	123,800,000	123,800,000	123,800,000
Revenues	2,067,940	445,000	123,837,206	126,350,146	821,442,592
EXPENDITURES					
Salaries - Faculty	-	-	-	-	134,590,099
Salaries - Staff	-	-	-	-	136,654,012
Wages and Other Compensation	-	-	-	-	30,245,804
Benefits and Other Payroll-Related Costs	-	-	-	-	78,674,676
Cost of Goods Sold	-	-	-	-	8,812,347
Professional Fees and Services	408,000	-	-	408,000	15,903,202
Travel	-	-	-	-	8,125,277
Materials and Supplies	-	-	-	-	47,809,127
Communication and Utilities	-	-	-	-	7,854,294
Repairs and Maintenance	-	-	-	-	9,624,354
Rentals and Leases	-	-	-	-	9,365,473
Printing and Reproduction	-	-	-	-	3,457,734
Debt Service - Principal	-	-	-	-	24,940,248
Debt Service - Interest	-	-	-	-	19,282,631
Capital Expenditures	-	-	111,950,375	111,950,375	124,604,712
Federal and State Pass-Through Expense	-	-	-	-	230,034
Scholarships, Exemptions & Financial Aid	-	-	-	-	67,768,088
Internal Income	-	-	(395,267)	(395,267)	(8,694,386)
Other Expenditures	-	445,000	-	445,000	23,149,777
Expenditures	408,000	445,000	111,555,108	112,408,108	742,397,503
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	-	-	21,985,108	21,985,108	-
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	-	-	-	(23,938,020)
Core Services	-	-	-	-	(14,847,244)
Other Inter-Unit Transfers In/(Out)	-	-	-	-	(23,085)
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	-	-	-	-	-
Other Legislative Transfers In/(Out)	-	-	-	-	5,459,745
Transfers	-	-	21,985,108	21,985,108	(33,348,604)
Estimated Impact on Fund Balance	1,659,940	-	34,267,206	35,927,146	45,696,485
Planned Use of Fund Balance					
HEF Carryforward used for Capital Expenses	-	-	1,800,000	1,800,000	1,800,000
Planned Use of Fund Balance	-	-	1,800,000	1,800,000	1,800,000



**FISCAL YEAR 2017 UNT
REVENUE BREAKOUT BY FUND**

University of North Texas					
Fiscal Year 2017 - Revenue Breakout by Current Funds					
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	Current Funds
Resident Undergrad Tuition	37,539,261	178,681,649	-	-	216,220,910
Non-resident Undergrad Tuition	20,646,777	10,488,368	-	-	31,135,145
Other Undergrad Tuition	4,375,000	155,318	-	-	4,530,318
Waivers Undergrad Tuition	(12,665,055)	(161,530)	-	-	(12,826,585)
Gross Undergraduate Tuition	49,895,983	189,163,805	-	-	239,059,788
Resident Graduate Tuition	7,750,782	17,434,976	-	-	25,185,758
Non-resident Graduate Tuition	17,852,275	7,395,007	-	-	25,247,282
Other Graduate Tuition	150,000	3,382,676	-	-	3,532,676
Waivers Graduate Tuition	(4,434,945)	(40,434)	-	-	(4,475,379)
Gross Graduate Tuition	21,318,112	28,172,225	-	-	49,490,337
Fees - Instructional	474,290	19,637,067	-	-	20,111,356
Fees - Mandatory	-	67,533,055	17,446,391	-	84,979,447
Fees - Incidental	-	8,096,365	213,500	-	8,309,865
Waivers - Fees	-	(47,665)	(17,200)	-	(64,865)
Gross Fees	474,290	95,218,823	17,642,691	-	113,335,803
Disc & Allow-Tuition and Fee	(18,405,422)	(73,667,446)	(130,653)	(1,561)	(92,205,082)
Discount and Allowances	(18,405,422)	(73,667,446)	(130,653)	(1,561)	(92,205,082)
Tuition and Waiver Conversion	-	-	-	-	-
Net Tuition and Fees	53,282,963	238,887,406	17,512,038	(1,561)	309,680,846
Athletics	-	10,394,283	-	-	10,394,283
Auxiliary Enterprises	-	1,518,194	66,555,200	-	68,073,394
Discounts and Allowances - Auxiliaries	-	-	-	-	-
Other Sales of Goods and Services	262,285	10,827,532	2,370,113	2,600,000	16,059,930
Sales of Goods and Services	262,285	22,740,009	68,925,313	2,600,000	94,527,606
Federal Programs and Contracts	-	-	-	24,132,844	24,132,844
Federal Financial Aid	-	-	-	51,957,339	51,957,339
State Programs and Contracts	-	1,512,458	-	2,059,596	3,572,054
State Financial Aid	19,471,203	-	-	-	19,471,203
Other Grants and Contracts	-	-	-	5,882,691	5,882,691
Grants and Contracts	19,471,203	1,512,458	-	84,032,470	105,016,131
State Appropriations - General	109,227,429	-	-	-	109,227,429
State Appropriations - Additional	28,910,602	-	-	-	28,910,602
State Appropriations	138,138,031	-	-	-	138,138,031
Capital Appropriations - HEF	37,562,056	-	-	-	37,562,056
Capital Appropriations	37,562,056	-	-	-	37,562,056
Gross Professional Fees	-	-	-	-	-
Contractual Allowances and Discounts	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Gift Income	-	3,861,637	-	3,500,000	7,361,637
Investment Income	92,270	1,912,380	41,671	-	2,046,322
Other Revenue	58,000	598,817	103,000	-	759,817
Revenues	248,866,808	269,512,708	86,582,021	90,130,909	695,092,446



**FISCAL YEAR 2017 UNT
CURRENT FUNDS BY QUARTER**

University of North Texas				
Fiscal Year 2017 - Current Funds by Quarter				
Revenues	Q1 FYTD Estimate	Q2 FYTD Estimate	Q3 FYTD Estimate	Q4 FYTD Budget
Tuition and Fees	261,533,838	276,082,660	305,899,112	309,680,846
Sales of Goods and Services	38,167,081	73,133,708	80,937,569	94,527,606
Grants and Contracts	5,841,730	55,717,478	64,662,897	105,016,131
State Appropriations	117,377,032	124,280,639	129,609,442	138,138,031
Capital Appropriations-HEF	37,562,056	37,562,056	37,562,056	37,562,056
Net Professional Fees	-	-	-	-
Gift Income	1,472,327	3,312,737	5,153,146	7,361,637
Investment Income	352,531	1,307,688	1,639,585	2,046,322
Other Revenue	189,954	379,908	569,862	759,817
New Issuance of Debt	-	-	-	-
Total Revenue	\$ 462,496,550	\$ 571,776,874	\$ 626,033,669	\$ 695,092,446
Expenditures				
Salaries - Faculty	41,144,278	82,332,659	123,514,594	134,590,099
Salaries - Staff	38,001,420	76,032,361	113,644,082	136,654,012
Wages and Other Compensation	8,300,479	15,481,698	23,879,449	30,245,804
Benefits and Other Payroll-Related Costs	17,796,958	37,541,295	56,968,529	78,674,676
Cost of Goods Sold	2,738,049	4,453,970	6,524,025	8,812,347
Professional Fees and Services	3,706,664	7,756,207	11,092,175	15,495,202
Travel	1,830,367	3,562,719	5,939,658	8,125,277
Materials and Supplies	9,523,102	20,099,238	30,972,689	47,809,127
Communication and Utilities	1,241,756	2,769,671	4,722,680	7,854,294
Repairs and Maintenance	2,023,780	4,320,521	6,559,946	9,624,354
Rentals and Leases	2,082,744	3,741,604	5,681,884	9,365,473
Printing and Reproduction	727,689	1,408,299	2,234,581	3,457,734
Debt Service - Principal	6,235,062	12,470,124	18,705,186	24,940,248
Debt Service - Interest	4,820,658	9,641,316	14,461,974	19,282,631
Capital Expenditures	3,929,636	7,982,907	10,747,784	12,654,337
Federal and State Pass-Through Expense	230,034	230,034	230,034	230,034
Scholarships, Exemptions, and Financial Aid	31,173,320	61,668,960	65,735,045	67,768,088
Internal Income	(2,074,780)	(4,149,560)	(6,224,339)	(8,299,119)
Other Expenditures	6,228,482	10,503,130	15,525,807	22,704,777
Total Expenditures	\$ 179,659,701	\$ 357,847,153	\$ 510,915,783	\$ 629,989,395
Transfers				
<i>Intra-campus Transfers Between Funds:</i>				
Inter-Fund Transfer In/(Out)	(21,985,108)	(21,985,108)	(21,985,108)	(21,985,108)
<i>Transfers Between UNTS Components:</i>				
Shared Services	(5,984,505)	(11,969,010)	(17,953,515)	(23,938,020)
Core Services	(3,711,811)	(7,423,622)	(11,135,433)	(14,847,244)
Other Inter-Unit Transfers In/(Out)	(5,771)	(11,543)	(17,314)	(23,085)
<i>Other Transfers:</i>				
Transfer to Other State Agencies In/(Out)	-	-	-	-
Other Legislative Transfers In/(Out)	45,546	5,459,745	5,459,745	5,459,745
Total Transfers	\$ (31,641,649)	\$ (35,929,538)	\$ (45,631,625)	\$ (55,333,712)

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UNT Health Science Center Budget Overview

Executive Summary and Highlights

Strategic Impact and Major Goals Addressed by FY 2017 Budget

UNTHSC is committed to creating solutions for a healthier community by transforming lives in order to improve the lives of others. To achieve this end, UNTHSC's budget is aligned with the FY 2017 Strategic Plan, which includes four broad strategy areas include:

- Learning and Discovery
- Quality Experiences for Lifetime Success
- People and Teamwork
- Sustainable Growth, Finance and Resources

As part of the transformation to a high-performing health science center – the key objective to learning and discovery – the institution continues to expand some of its most recent innovative initiatives including: enrolling the UNT System College of Pharmacy's fourth cohort of students; furthering the Fort Worth M.D. School's accreditation; and advancing the Institute for Patient Safety & Preventable Harm's mission by creating patient safety projects, providing community education programs and offering grant funding opportunities.

In an effort to be recognized as one of the "Great Places to Work" in the U.S., UNTHSC has focused on the development of values-based leadership programs. After implementing Leadership 125, followed by HSC Fellows, the Inspire Program was developed to strengthen leadership skills by creating a sustainable leadership culture, inspiring members to perform at higher levels, and modeling leadership behaviors to align with our Values.

Furthermore, in response to a University-wide survey showing the desire for onsite childcare, a day care center, which will adhere to the standards of the National Association for the Education of Young Children, has been approved. As a result, an existing facility is scheduled for renovation in FY 2017 with plans to open in the fall of 2017.

To strengthen UNTHSC's position for long-term viability, the institution has incorporated continuous improvement as part of the planning and management initiatives. New positions will be created to further this effort. Additionally, UNTHSC is making strides in philanthropy, by reaching donors who have expressed increased interest. Moreover, funds have been set aside to allow flexibility in support of strategic projects as they emerge.

In addition to the construction of the Interdisciplinary Research Building, which was approved in FY 2016, subject to BOR approval the institution will begin new construction on an existing parking garage by adding a level. The institution will also be acquiring two properties, if

approved by the BOR, one located in the medical district and one located in south Fort Worth to house a new clinic.

Revenues

Overall, UNTHSC expects to generate \$295.7 million in revenue over the next fiscal year, excluding revenue from bond proceeds and commercial paper issuances. This represents a net increase of \$9.4 million (3%) from FY 2016. The increase is primarily attributable to additional Higher Education Funds (HEF) appropriated by the Texas Legislature in the second year of the biennium, tuition and fees income via enrolling the fourth cohort of students in the UNT System College of Pharmacy, and gift income to support the startup of the UNTHSC/TCU Medical School.

As part of the capital plan, UNTHSC has begun the process of acquiring properties 1) on which to build a new medical clinic, and 2) to secure a strategically-located facility in the Hospital District. Additionally, the institution will begin construction on the Interdisciplinary Research Building and subject to BOR approval, an existing parking garage. In order to finance these initiatives, debt financing of \$95.3 million, consisting of bond proceeds and commercial paper (CP) issuances, have been included in the FY 2017 budget.

State Appropriations

State appropriations, including HEF, reflect an increase of \$6.2 million (6%) from the FY 2016 budget. This change is attributable to additional HEF appropriations and State-paid benefits.

Tuition and Fees

As a result of the increased enrollment by over 100 in the UNT System College of Pharmacy, net tuition and fees are expected to increase by \$1.1 million (4%) from the FY 2016 budget. Since this increase is specifically attributable to enrollment growth in this program, historical data was used to extrapolate the increase in tuition and fees.

Grants and Contracts, Professional Fees

Grants and contracts are expected to decrease from the FY 2016 budget by \$18 million (-16%), which, in turn, will be offset by an increase to professional fees by the same amount. This is attributable to a change to the original joint, clinical enterprise model with JPS Health Network, known as "Acclaim", such that a lower level of health care services is expected to be contracted, while billings for professional fees are expected to increase.

Gift Income

Gift income reflects an increase of \$1.3 million (37%) from the FY 2016 budget resulting from local community support of the UNTHSC/TCU Medical School.

Expenses

Total expenditures are estimated at \$263.4 million over the next fiscal year, excluding capitalized expenditures and debt service principal payments. This represents a net increase of \$4.8 million (2%) from FY 2016. The increase is primarily attributable to professional fees and services related to the medical services provided by Correctional Medicine, debt service interest payments mostly pertaining to new Tuition Revenue Bonds (TRB) issuances, and scholarship and financial aid expenditures which were impacted by a change in reporting methodology that led to the underestimating of expenditures in the prior year.

Personnel Costs

Personnel costs represent 67% of the UNTHSC expenditure budget. Overall, UNTHSC is projecting a net decrease of \$0.8 million (less than 1%) from the FY 2016 budget driven by a restructure to the medical practice plan. This change was needed to improve the efficiencies of the clinical model and has resulted in the reduction of clinical faculty needs, and, thereby, a decrease in faculty salaries. This expense reduction is being offset by an increase to staff salaries for annualized merit increases and continued hiring for the Texas Missing Persons and Human Identification and the Institute for Patient Safety and Preventable Harm programs.

Furthermore, benefits reflect an increase of \$1.2 million (4%) from the FY 2016 budget due to an increase in State funding for higher education group insurance benefits and benefits associated with a higher level of grant activity, as well as staffing needs for the UNTHSC/TCU Medical School. Finally, wages and other compensation reflect a decrease of \$1.1 million (10%) from the FY 2016 budget, as no merit programs were budgeted.

FTE Categories	FY 2016 Budget	FY 2017 Budget	% Change
Administrators	29.0	27.5	-5.2%
Faculty	465.0	434.0	-6.7%
Other Staff	1237.0	968.0	-21.7%
Total FTE	1731.0	1429.5	-17.4%

Professional Fees and Services

Professional fees and services are expected to increase by \$3.4 million (9%) from the FY 2016 budget as medical services provided to incarcerated patients are projected to expand.

Materials and Supplies

Materials and supplies are expected to decrease by \$1.1 million (8%) from the FY 2016 budget as expenditures are shifted to the JPS Health Network due to the restructure of the medical practice plan.

Debt Service - Interest

Interest from debt service is expected to increase by \$2.0 million (70%) from the FY 2016 budget, which is attributable to the issuance of \$80 million in Tuition Revenue Bonds (TRB) and \$13.9 million in Revenue Financing System (RFS) bonds.

Scholarships, Exemptions and Financial Aid

Scholarships and financial aid are expected to increase by \$3.1 million (154%) from the FY 2016 budget, due to a change in reporting methodology, including the reclassification of expenditures through the Financial Transformation Project, which caused the underestimation of expenditures in the prior year.

Transfers

Net transfers include UNTHSC's portion of the shared UNT System costs budgeted as a transfer-out at \$9.4 million – excluding \$0.3 million in HEF, which will be paid directly by UNTHSC for UNT System's capital-related expenditures — coupled with a legislative transfer-in of \$6.2 million in TRBs to support the debt service payments for the construction of the Interdisciplinary Research Building.

Reserves and Capital Expenditures

Capital Expenditures

As part of the capital plan, UNTHSC will issue bonds and commercial paper (CP) for both new endeavors and previously-approved projects.

New projects include:

- Property acquisition: May Street – land with building (\$2.8 million-RFS)
- Property acquisition: Seminary
 - Land (\$0.5 million-RFS)
 - Construction of medical clinic (\$1.0 million-CP)
- East Parking Garage Renovation – level added to existing structure (\$0.4 million-CP)

Previously-approved projects include:

- Professional Building Renovation (\$5 million-RFS)
- Interdisciplinary Research Building (\$80 million-TRB)
- Ambulatory Surgical Center Purchase (\$5.6 million-RFS)

**FISCAL YEAR 2017 UNT HEALTH SCIENCE CENTER
BUDGET FOR REVENUES, EXPENSES & OTHER CHANGES IN FUND BALANCES**

University of North Texas Health Science Center				
Revenues, Expenses and Other Changes in Fund Balances				
All Funds	FY 2016 Budget	FY 2017 Budget	Variance	Variance %
Income/Funding Sources				
Tuition & Fees - Net	28,559,192	29,642,154	1,082,962	3.8%
Sales of Goods and Services	1,927,052	15,715,337	13,788,285	715.5%
Grant & Contracts (Federal & State)	112,755,340	94,754,040	(18,001,300)	-16.0%
State Appropriations	97,077,189	97,544,669	467,480	0.5%
Capital Appropriations - HEF	11,394,570	17,091,856	5,697,286	50.0%
Net Professional Fees	14,628,628	33,013,420	18,384,792	125.7%
Gift Income	3,549,838	4,879,994	1,330,156	37.5%
Investment Income	3,814,608	2,998,587	(816,021)	-21.4%
Other Revenue	12,854,702	94,973	(12,759,729)	-99.3%
New Issuance of Debt	21,632,794	95,308,423	73,675,629	340.6%
Total	\$ 308,193,913	\$ 391,043,453	\$ 82,849,540	26.9%
Expenditures				
Personnel Costs	177,345,832	176,504,068	(841,764)	-0.5%
Supplies and Other	32,410,778	30,619,900	(1,790,878)	-5.5%
Travel	2,809,189	2,337,015	(472,174)	-16.8%
Purchased Services	36,045,011	39,465,624	3,420,613	9.5%
Scholarships, Exemptions & Financial Aid	2,008,886	5,103,243	3,094,357	154.0%
Debt Service Principal	6,555,000	12,328,399	5,773,399	88.1%
Capital Outlay	23,063,384	24,248,357	1,184,973	5.1%
Federal and State Pass-Through Expense	193,480	-	(193,480)	-100.0%
Interest Expense and Fiscal Charges	2,806,915	4,772,770	1,965,855	70.0%
Total	\$ 283,238,475	\$ 295,379,376	\$ 12,140,901	4.3%
Excess Income Over Expenditures	\$ 24,955,438	\$ 95,664,077	\$ 70,708,639	283.3%
Other Revenues, Expenses, Gains, Losses & Transfers				
<i>Transfers Between UNTS Components</i>				
Transfers In/Out	(6,216,330)	(3,625,427)	2,590,903	41.7%
<i>Other Transfers</i>				
Other Legislative Transfers In/(Out)	(4,423,968)	397,675	4,821,643	109.0%
Total Other Revenue, Expenses, and Transfers	\$ (10,640,298)	\$ (3,227,752)	\$ 7,412,546	69.7%
Budget Margin (Deficit)	\$ 14,315,140	\$ 92,436,325	\$ 78,121,185	
Less: Plant Funds	\$ 8,349,364	\$ 83,074,756	\$ 74,725,392	
Estimated Impact on Fund Balances Exclusive of Plant Funds	\$ 5,965,776	\$ 9,361,569	\$ 3,395,793	56.9%
Planned Use of Fund Balances	\$ -	\$ -	\$ -	0.0%

**FISCAL YEAR 2017 UNT HEALTH SCIENCE CENTER
BUDGET DETAIL BY FUND GROUP – CURRENT FUNDS**

University of North Texas Health Science Center					
Fiscal Year 2017 Budget Detail by Fund Group					
	<i>Current Funds</i>				
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	Current Funds
REVENUES					
Net Tuition and Fees	11,136,953	18,505,201	-	-	29,642,154
Sales of Goods and Services	-	15,145,201	570,136	-	15,715,337
Grants and Contracts	1,175,000	64,357,561	-	29,171,430	94,703,991
State Appropriations	97,544,669	-	-	-	97,544,669
Capital Appropriations	17,091,856	-	-	-	17,091,856
Net Professional Fees	-	33,013,420	-	-	33,013,420
Gift Income	-	-	-	4,879,994	4,879,994
Investment Income	27,741	1,805,846	-	1,165,000	2,998,587
Other Revenue	-	94,662	-	-	94,662
New Issuance of Debt	-	-	-	-	-
Revenues	126,976,219	132,921,891	570,136	35,216,424	295,684,670
EXPENDITURES					
Salaries - Faculty	29,350,438	37,967,025	-	6,175,153	73,492,616
Salaries - Staff	33,824,713	18,676,630	344,774	8,046,427	60,892,544
Wages and Other Compensation	4,527,997	3,672,032	35,675	1,033,789	9,269,493
Benefits and Other Payroll-Related Costs	18,001,870	11,165,288	82,879	3,599,377	32,849,414
Cost of Goods Sold	-	18,613	-	5,569	24,182
Professional Fees and Services	1,494,077	33,497,627	21,667	4,452,252	39,465,623
Travel	-	1,761,580	-	575,435	2,337,015
Materials and Supplies	1,909,493	8,524,642	43,344	2,891,956	13,369,435
Communication and Utilities	156,241	2,429,366	5,759	146,212	2,737,578
Repairs and Maintenance	2,184,423	2,121,441	17,095	151,826	4,474,785
Rentals and Leases	69,250	3,144,408	-	60,386	3,274,044
Printing and Reproduction	169,063	277,870	4,147	206,137	657,217
Debt Service - Principal	-	-	-	-	-
Debt Service - Interest	4,772,770	-	-	-	4,772,770
Capital Expenditures	2,373,361	1,881,790	5,933	300,186	4,561,270
Federal and State Pass-Through Expense	-	-	-	-	-
Scholarships, Exemptions, & Financial Aid	1,731,178	1,773,145	-	1,598,920	5,103,243
Internal Income	-	-	-	-	-
Other Expenditures	961,130	3,968,870	8,863	1,143,798	6,082,661
Expenditures	101,526,004	130,880,327	570,136	30,387,423	263,363,890
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	(19,781,820)	4,879,050	-	(4,829,001)	(19,731,771)
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	(65,321)	-	-	(65,321)
Core Services	-	(3,560,106)	-	-	(3,560,106)
Other Inter-Unit Transfers In/(Out)	-	-	-	-	-
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	-	-	-	-	-
Other Legislative Transfers In/(Out)	397,675	-	-	-	397,675
Transfers	(19,384,145)	1,253,623	-	(4,829,001)	(22,959,523)
Estimated Impact on Fund Balance	6,066,070	3,295,186	-	-	9,361,256
Planned Use of Fund Balance	-	-	-	-	-

**FISCAL YEAR 2017 UNT HEALTH SCIENCE CENTER
BUDGET DETAIL BY FUND GROUP – NON-CURRENT FUNDS**

University of North Texas Health Science Center					
Fiscal Year 2017 Budget Detail by Fund Group (Continued...)					
	Non-Current Funds				FY17
	Endowment Funds	Loan Funds	Plant and Debt	Non-Current	All Funds
REVENUES					
Net Tuition and Fees	-	-	-	-	29,642,154
Sales of Goods and Services	-	-	-	-	15,715,337
Grants and Contracts	-	50,049	-	50,049	94,754,040
State Appropriations	-	-	-	-	97,544,669
Capital Appropriations	-	-	-	-	17,091,856
Net Professional Fees	-	-	-	-	33,013,420
Gift Income	-	-	-	-	4,879,994
Investment Income	-	-	-	-	2,998,587
Other Revenue	-	311	-	311	94,973
New Issuance of Debt	-	-	95,308,423	95,308,423	95,308,423
Revenues	-	50,360	95,308,423	95,358,783	391,043,453
EXPENDITURES					
Salaries - Faculty	-	-	-	-	73,492,616
Salaries - Staff	-	-	-	-	60,892,544
Wages and Other Compensation	-	-	-	-	9,269,494
Benefits and Other Payroll-Related Costs	-	-	-	-	32,849,414
Cost of Goods Sold	-	-	-	-	24,182
Professional Fees and Services	-	-	-	-	39,465,624
Travel	-	-	-	-	2,337,015
Materials and Supplies	-	-	-	-	13,369,434
Communication and Utilities	-	-	-	-	2,737,578
Repairs and Maintenance	-	-	-	-	4,474,785
Rentals and Leases	-	-	-	-	3,274,044
Printing and Reproduction	-	-	-	-	657,216
Debt Service - Principal	-	-	12,328,399	12,328,399	12,328,399
Debt Service - Interest	-	-	-	-	4,772,770
Capital Expenditures	-	-	19,687,088	19,687,088	24,248,357
Federal and State Pass-Through Expense	-	-	-	-	-
Scholarships, Exemptions & Financial Aid	-	-	-	-	5,103,243
Internal Income	-	-	-	-	-
Other Expenditures	-	-	-	-	6,082,660
Expenditures	-	-	32,015,487	32,015,487	295,379,375
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	-	(50,049)	19,781,820	19,731,771	-
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	-	-	-	(65,321)
Core Services	-	-	-	-	(3,560,106)
Other Inter-Unit Transfers In/(Out)	-	-	-	-	-
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	-	-	-	-	-
Other Legislative Transfers In/(Out)	-	-	-	-	397,675
Transfers	-	(50,049)	19,781,820	19,731,771	(3,227,752)
Estimated Impact on Fund Balance	-	311	83,074,756	83,075,067	92,436,326
Planned Use of Fund Balance	-	-	-	-	-

**FISCAL YEAR 2017 UNT HEALTH SCIENCE CENTER
REVENUE BREAKOUT BY FUND**

University of North Texas Health Science Center					
Fiscal Year 2017 - Revenue Breakout by Current Funds					
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	Current Funds
Resident Undergrad Tuition	-	-	-	-	-
Non-resident Undergrad Tuition	-	-	-	-	-
Other Undergrad Tuition	-	-	-	-	-
Waivers Undergrad Tuition	-	-	-	-	-
Gross Undergraduate Tuition	-	-	-	-	-
Resident Graduate Tuition	11,542,215	11,840,184	-	-	23,382,399
Non-resident Graduate Tuition	2,005,535	846,179	-	-	2,851,714
Other Graduate Tuition	-	-	-	-	-
Waivers Graduate Tuition	(1,427,059)	(1,467,773)	-	-	(2,894,832)
Gross Graduate Tuition	12,120,691	11,218,590	-	-	23,339,281
Fees - Instructional	22,210	2,842,000	-	-	2,864,210
Fees - Mandatory	-	3,841,000	-	-	3,841,000
Fees - Incidental	-	2,751,266	-	-	2,751,266
Waivers - Fees	(2,746)	(1,040,230)	-	-	(1,042,976)
Gross Fees	19,464	8,394,036	-	-	8,413,500
Disc & Allow-Tuition and Fee	(1,003,201)	(1,107,426)	-	-	(2,110,627)
Discount and Allowances	(1,003,201)	(1,107,426)	-	-	(2,110,627)
Tuition and Waiver Conversion	-	-	-	-	-
Net Tuition and Fees	11,136,953	18,505,201	-	-	29,642,154
Athletics	-	-	-	-	-
Auxiliary Enterprises	-	-	570,136	-	570,136
Discounts and Allowances - Auxiliaries	-	-	-	-	-
Other Sales of Goods and Services	-	15,145,201	-	-	15,145,201
Sales of Goods and Services	-	15,145,201	570,136	-	15,715,337
Federal Programs and Contracts	-	31,123,069	-	20,904,152	52,027,221
Federal Financial Aid	-	-	-	503,968	503,968
State Programs and Contracts	1,175,000	-	-	2,164,887	3,339,887
State Financial Aid	-	-	-	-	-
Other Grants and Contracts	-	33,234,492	-	5,598,422	38,832,914
Grants and Contracts	1,175,000	64,357,561	-	29,171,430	94,703,991
State Appropriations - General	83,052,531	-	-	-	83,052,531
State Appropriations - Additional	14,492,138	-	-	-	14,492,138
State Appropriations	97,544,669	-	-	-	97,544,669
Capital Appropriations - HEF	17,091,856	-	-	-	17,091,856
Capital Appropriations	17,091,856	-	-	-	17,091,856
Gross Professional Fees	-	63,980,026	-	-	63,980,026
Contractual Allowances and Discounts	-	(30,966,606)	-	-	(30,966,606)
Net Professional Fees	-	33,013,420	-	-	33,013,420
Gift Income	-	-	-	4,879,994	4,879,994
Investment Income	27,741	1,805,846	-	1,165,000	2,998,587
Other Revenue	-	94,662	-	-	94,662
Revenues	126,976,220	132,921,891	570,136	35,216,424	295,684,670

**FISCAL YEAR 2017 UNT HEALTH SCIENCE CENTER
CURRENT FUNDS BY QUARTER**

University of North Texas Health Science Center				
Fiscal Year 2017 - Current Funds by Quarter				
Revenues	Q1 FYTD Estimate	Q2 FYTD Estimate	Q3 FYTD Estimate	Q4 FYTD Budget
Net Tuition and Fees	12,772,804	26,414,123	29,642,154	29,642,154
Sales of Goods and Services	1,092,216	14,693,840	15,203,017	15,715,337
Grants and Contracts	17,046,718	42,616,796	66,292,794	94,703,991
State Appropriations	83,888,415	93,428,284	95,125,561	97,544,669
Capital Appropriations	17,091,856	17,091,856	17,091,856	17,091,856
Net Professional Fees	3,301,342	9,904,026	19,808,052	33,013,420
Gift Income	487,999	1,707,998	3,522,868	4,879,994
Investment Income	449,788	1,380,250	2,340,097	2,998,587
Other Revenue	20,892	34,930	72,189	94,662
New Issuance of Debt	-	-	-	-
Revenues	\$ 136,152,031	\$ 207,272,103	\$ 249,098,588	\$ 295,684,670
Expenditures				
Salaries - Faculty	18,571,584	37,194,613	55,303,194	73,492,616
Salaries - Staff	14,656,835	29,204,064	45,060,483	60,892,544
Wages and Other Compensation	2,435,096	4,844,238	7,267,283	9,269,493
Benefits and Other Payroll-Related Costs	7,880,574	16,631,658	24,807,877	32,849,414
Cost of Goods Sold	9,453	12,611	17,041	24,182
Professional Fees and Services	2,588,945	20,991,765	34,611,352	39,465,623
Travel	524,426	916,344	1,704,151	2,337,015
Materials and Supplies	3,228,718	6,580,435	9,644,710	13,369,435
Communication and Utilities	561,203	1,405,746	2,063,586	2,737,578
Repairs and Maintenance	1,627,927	2,675,474	3,512,259	4,474,785
Rentals and Leases	841,429	1,475,939	2,575,690	3,274,044
Printing and Reproduction	143,405	262,624	478,650	657,217
Debt Service - Principal	-	-	-	-
Debt Service - Interest	364,640	364,640	3,880,262	4,772,770
Capital Expenditures	947,376	2,194,427	2,973,947	4,561,270
Federal and State Pass-Through Expense	-	-	-	-
Depreciation and Amortization	-	-	-	-
Scholarships, Exemptions, and Financial Aid	2,277,067	4,433,187	4,974,131	5,103,243
Internal Income	-	-	-	-
Other Expenditures	1,640,493	3,234,759	4,723,794	6,082,661
Expenditures	\$ 58,299,172	\$ 132,422,523	\$ 203,598,411	\$ 263,363,890
Transfers				
Intra-campus Transfers Between Funds:				
Inter-Fund Transfer In/(Out)	(1,928,578)	(3,871,223)	(18,205,936)	(19,731,771)
Transfers Between UNTS Components:				
Shared Services	-	(65,321)	(65,321)	(65,321)
Core Services	(2,499,906)	(3,560,106)	(3,560,106)	(3,560,106)
Other Inter-Unit Transfers In/(Out)	-	-	-	-
Other Transfers:				
Transfer to Other State Agencies In/(Out)	-	-	-	-
Other Legislative Transfers In/(Out)	397,675	397,675	397,675	397,675
Transfers	\$ (4,030,810)	\$ (7,098,975)	\$ (21,433,688)	\$ (22,959,523)

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UNT Dallas Budget Overview

Executive Summary and Highlights

Strategic Impact and Major Goals Addressed by FY 2017 Budget

The University of North Texas at Dallas continues to grow in both enrollment and in the number of facilities on campus. Construction and planning for a residence hall and a student learning and success center is underway; the residence hall is anticipated to open July 2017 and ground breaking for the student learning and success center is scheduled for January 2017 with completion estimated during fiscal year 2018. Construction continues on the DART station adjacent to campus which will link the university with direct access to the downtown corridor and to the rest of the metro area; the project is scheduled for completion in October 2016. These additional facilities will provide essential infrastructure needed to support the strategic initiative of 5,000 students at UNT Dallas by 2021.

The University of North Texas at Dallas College of Law continues to grow in enrollment and will welcome its third class this year. The College of Law extends a shared commitment to UNT Dallas to diversify educational opportunities. Applications for the third class are exceeding projections, a positive response to the mission of the College of Law and the dedication to provide affordable access to education with an annual tuition that is significantly lower than all other law schools, public or private, in Texas. Furthermore, UNT Dallas College of Law will now be the only law school in Dallas offering night programs. Construction on the former municipal building in Downtown Dallas is underway in preparation for the College of Law to expand into this location January 2019.

Strategic planning has uncovered several opportunities to improve student access and success at UNT Dallas. The university fully supports these initiatives and has dedicated additional resources to targeted efforts providing greater access and support necessary for students to succeed and thrive in college. An important pillar of the new UNT Dallas is block scheduling. Recognized as best practices, block scheduling improves student retention and success while concurrently improving efficient use of faculty. Beginning in the fall of 2016, UNT Dallas added approximately 30 block scheduled courses and added non-tenure track faculty whose primary focus is teaching, not research. Additionally, funds were allocated to expand and improve the UNT Dallas freshman seminar course. This course is provided to incoming freshman in small class sizes in an effort to establish mentor relationships, assist students with strategies to be successful in college, and improve the overall first year experience. Targeted efforts in first year experience programming will position UNT Dallas for additional grant funding in the near future. Also, more resources were allocated to funding scholarships above and beyond mandated requirements as a demonstration of the university's dedication to provide a pathway to social and economic mobility for our students – many of whom are first generation college

students from economically disadvantaged families. Lastly, a zero based budgeting approach was followed in developing the budget for fiscal year 2017. Funding allocations focused on the UNT Dallas mission, vision, and goals tied to our strategic initiatives while minimizing the financial burden on our students and their families.

Revenues

State Appropriations

Fiscal year 2017 is the second year of the biennial budget and thus UNT Dallas general revenue appropriations will remain flat with the exception of the approved issuance of \$63 million tuition revenue bond. The bond is allocated for the construction of the student learning and success center. The tuition revenue bond is budgeted to be issued in January 2017 for the full \$63 million. UNT Dallas received an increase in Higher Education Fund (HEF) revenue of 50% from \$1,408,669 to \$2,113,004 which includes an amount of \$203,390 specifically allocated to the College of Law.

The College of Law general appropriation has increased almost 22% from \$3,454,110 to \$4,205,741 as a result of increased formula funding received as part of its state appropriation due to the third class addition in Fall 2016. Even though the College of Law merged with UNT Dallas on September 1, 2015 the general revenue appropriation for the College of Law is included in the amount allocated to the UNT System and, therefore, has been budgeted as an Other Legislative Transfer In. In other words, funding does not appear as an appropriation, but a transfer in.

Tuition and Fees

UNT Dallas is projecting a growth of 12% in semester credit hour production; from 51,599 to 57,791 (excluding College of Law). Board approved Tuition increase was suspended by the President to improve enrollment, retention, and graduation rates. Thus, budgeted increase in tuition and fee revenue is solely generated from an increase in semester credit hour production. Preliminary leading indicators reflect a probable increase of 12% growth in semester credit hour production for fiscal year 2017. Daily comparison enrollment reports are exceeding the budgeted overall 12% growth in semester credit hour production; as of 7/13/2016 undergraduate SCH production was up 20% comparatively and graduate SCH production was up 70% comparatively.

UNT Dallas College of Law is projecting an increase in Tuition and Fee revenue mostly due to the addition of the third class and a small increase in tuition and fee rates. Budgeted semester credit hour production growth includes a 37% increase; from 7,296 to 10,032. Daily comparison enrollment reports are exceeding the budgeted overall 37% growth in semester credit hour production; as of 7/13/2016 doctoral-professional practice SCH production was up 48% comparatively.

Overall Tuition and Fee Revenue is budgeted to increase from \$17.5 million to \$20.5 million or 17%.

Grant and Contracts

Faculty and Staff have been increasing active in pursuing grant funding and UNT Dallas has budgeted increased grant revenue on the assumption that a majority of the grant applications will be awarded in fiscal year 2017. As an example, the Dean of Education has partnered with Texas Tech to receive grant funds from the Bill & Melinda Gates Foundation for preparing highly effective teachers. UNT Dallas College of Law has been active as well, recently awarded a two year grant from the Texas Indigent Defense Commission to provide an innocence clinic to our community. Additionally, in an effort to accomplish a strategic plan initiative focused on obtaining Title III grants for developing universities, UNT Dallas will apply for the following Title III grants in fiscal year 2017: Upward Bound, Veterans Upward Bound, and McNair Scholars.

A large portion of grant revenue will be provided by Financial Aid awarding Pell Grants to our students. Enrollment growth will drive an increase in Pell Grant Revenue, increased budget from \$3,300,000 to \$4,597,293, overall increase of 39.31%

Overall Grant and Contract Income is budgeted to increase 63% from \$4.2 million to \$6.9 million.

Gift Income

UNT Dallas has a unique story. We serve an important and underrepresented community in southern Dallas and the surrounding suburbs. This mission separates us from other institutions of higher education and helps focus our philanthropic efforts. The successful onboarding of a new Vice President for University Advancement in July 2016 has provided a refreshed energy around fundraising efforts. UNT Dallas strategic initiative to commit to ambitious fundraising goals has a target of \$700,000 in fiscal year 2017. It is the intent of these fundraising efforts to provide spendable scholarship dollars and establishing/growing UNT Dallas scholarship endowment funds.

Expenses

Faculty and Staff Salaries and Wages

UNT Dallas will strategically invest additional resources into human capital in fiscal year 2017. At the main campus, several new faculty and staff lines have been added to support increased semester credit hour production, block scheduling, and increased compliance with accrediting agencies. Fifteen new faculty lines were added at the main campus in areas that include: core curriculum, business, communication, child development & family studies, criminal justice, psychology, and composition. Five additional faculty lines have been budgeted for the College of Law to support increased enrollment in the night time programs and the addition of the third cohort.

Additional staff positions have been added to advance the organization life-cycle out of start-up and into growth. Seven new lines for police officers have been budgeted in a staggered fashion to prepare for the residence hall opening in July 2017 at which time UNT Dallas will become a

24/7 operation. Also, the university will eliminate a contract for outsourced facility workers and develop nine new staff positions, mostly custodial. Strategic planning uncovered areas of improvement to align with best practices from other institutions of higher education. As a result a reorganization was completed and created the new division of Student Access and Success. This division will focus on strategies to increase student enrollment, retention, completion rates, and student customer satisfaction. In order to implement and accomplish the challenging goals laid before the division, additional staff lines were allocated in fiscal year 2017 to support areas such as: admissions, advising, residence life, and others – all designed to improve planning and efficiency.

Overall salaries and wages are expected to increase from \$18.2 million to \$21.5 million or 18%.

FTE Categories	FY 2016 Budget	FY 2017 Budget	% Change
Administrators	26.0	24.0	-7.7%
Faculty	126.0	140.0	11.1%
Other Staff	126.0	173.0	37.3%
Total FTE	278.0	337.0	21.2%

Benefits

Corresponding with an increase in salaries and wages, payroll related costs will increase in 2017. Payroll related costs are estimated as 25% for full-time employees, 15% for part-time/hourly employees and 5% for student hourly employees. The global percentages have been derived from historical data. With the merger of UNT Dallas and UNT Dallas College of Law, benefit proportionality has changed to require a large percentage of benefits paid from local funds and smaller percentage of benefits paid from general revenue appropriations for fringe benefits. Benefit proportionality for the entire university (main campus and College of Law) for 2017 is estimated at 76% general revenue appropriations and 24% local funds (UNT Dallas 85% GR and 15% GRD; UNT Dallas College of Law 60% GR and 40% GRD.). Budgeted general revenue portion of the state appropriation includes \$3,505,283 specifically for fringe benefits.

Scholarships and Financial Aid

UNT Dallas strategic initiative to remain one of the most affordable universities in the North Texas region and to limit student debt to approximately 60% of first year salary for our graduates by 2021 will require a concentrated effort around scholarships and financial aid. In addition to mandated set-asides for tuition grants, the university has budgeted an increase in institutionally funded scholarships from \$500,000 to \$1,250,000. In a unified effort to provide more scholarships to our students, the University Advancement team will focus fundraising efforts around spendable scholarships to be awarded in fiscal year 2017.

Overall scholarships and financial aid has increased 55%, from \$7.1 million to \$10.9 million.

Supplies and Other

Using a zero based budgeting approach for fiscal year 2017, requested funding for maintenance and operations had to support an area of the UNT Dallas Strategic Plan. The main campus kept tuition and fee costs flat for students and their families. Additionally, a strategic decision to invest in human capital required cost minimization in other areas; for fiscal year 2017 that area is maintenance and operations.

Debt Service

Debt service will increase in response to the issuance of commercial paper for the residence hall and the issuance of the tuition revenue bond for the student access and success center.

Transfers

Increased faculty/staff headcount and student enrollment has subsequently increased the costs of System allocations. UNT Dallas recognizes the benefits of cost-cutting efficiencies through shared services and the reasonable increase in allocation costs. Other intra-system transfers have remained mostly flat.

Reserves and Capital Expenditures

Student Service Fee reserves are budgeted to be used in order to provide additional student requested programming expenses. Some of the requested programming will be focused around establishing traditions for our young university, a strategic initiative for UNT Dallas.

Use of previously allocated start-up funds are budgeted to be used to fund library operations and to offset increased ITSS allocation costs.

General unrestricted unallocated reserves will be used to fund fifteen new faculty lines to support increased semester credit hour production, block scheduling, and increased compliance with accrediting agencies.

Overall use of reserves are budgeted at \$1.78 million

Capital Expenses

UNT Dallas will experience significant increases in capital expenses in fiscal year 2017. The addition of a residence hall, significant construction on the student learning and success center, upgrades to parking lot lighting for increased safety measures, digital upgrades to our classrooms on the main campus, and the yearly computer refresh cycle and enable the move from paper to digital transcripts. In exchange for this investment UNT Dallas will:

- Strategically expand enrollment,
- Improve student access and success to an underserved community,
- Implement efficient use of faculty,
- Recognize the benefits of its first residence hall,
- Ensure campus safety is maintained.

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**FISCAL YEAR 2017 UNT DALLAS
BUDGET FOR REVENUES, EXPENSES & OTHER CHANGES IN FUND BALANCES**

University of North Texas at Dallas				
Revenues, Expenses and Other Changes in Fund Balances				
All Funds	FY 2016 Budget	FY 2017 Budget	Variance	Variance %
Income/Funding Sources				
Tuition & Fees - Net	17,532,162	20,544,785	3,012,623	17.2%
Sales of Goods and Services	169,000	195,000	26,000	15.4%
Grant & Contracts (Federal & State)	4,219,807	6,879,681	2,659,874	63.0%
State Appropriations	16,783,331	22,805,189	6,021,858	35.9%
Capital Appropriations - HEF	1,408,669	2,113,004	704,335	50.0%
Net Professional Fees				
Gift Income	785,000	1,017,000	232,000	29.6%
Investment Income	73,000	39,000	(34,000)	-46.6%
Other Revenue	145,475	-	(145,475)	-100.0%
New Issuance of Debt	8,637,109	69,336,733	60,699,624	702.8%
Total	\$ 49,753,553	\$ 122,930,392	\$ 73,176,839	147.1%
Expenditures				
Personnel Costs	22,563,520	26,727,842	4,164,322	18.5%
Supplies and Other	5,333,717	5,186,929	(146,788)	-2.8%
Travel	590,960	591,206	246	0.0%
Purchased Services	947,309	932,582	(14,727)	-1.6%
Scholarships, Exemptions, and Financial Aid	7,080,588	10,962,516	3,881,928	54.8%
Debt Service Principal	2,075,000	7,218,663	5,143,663	247.9%
Capital Outlay	11,287,109	39,112,418	27,825,309	246.5%
Federal and State Pass-Through Expense	-	-	-	0.0%
Interest Expense and Fiscal Charges	1,869,950	1,440,811	(429,139)	-22.9%
Total	\$ 51,748,153	\$ 92,172,967	\$ 40,424,814	78.1%
Excess Income Over Expenditures	\$ (1,994,600)	\$ 30,757,425	\$ 32,752,025	1642.0%
Other Revenues, Expenses, Gains, Losses & Transfers				
<i>Transfers Between UNTS Components</i>				
Transfers In/(Out)	(2,952,698)	(4,394,335)	(1,441,637)	48.8%
<i>Other Transfers</i>				
Other Legislative Transfers In/(Out)	2,950,298	4,205,741	1,255,443	42.6%
Total Other Revenue, Expenses, and Transfers	\$ (2,400)	\$ (188,594)	\$ (186,194)	-7758.1%
Budget Margin (Deficit)	\$ (1,997,000)	\$ 30,568,831	\$ 32,565,831	
Less: Plant Funds	\$ -	\$ 32,340,000	\$ 32,340,000	
Estimated Impact on Fund Balances Exclusive of Plant Funds	\$ (1,997,000)	\$ (1,771,169)	\$ 225,831	11.3%
Planned Use of Fund Balances	\$ 2,000,000	\$ 1,774,169	\$ (225,831)	11.3%

**FISCAL YEAR 2017 UNT DALLAS
BUDGET DETAIL BY FUND GROUP – CURRENT FUNDS**

University of North Texas Dallas					
Fiscal Year 2017 Budget Detail by Fund Group					
	<i>Current Funds</i>				Current Funds
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	
REVENUES					
Net Tuition and Fees	6,387,888	14,156,897	-	-	20,544,785
Sales of Goods and Services	-	40,000	155,000	-	195,000
Grants and Contracts	-	-	-	6,879,681	6,879,681
State Appropriations	22,805,189	-	-	-	22,805,189
Capital Appropriations	2,113,004	-	-	-	2,113,004
Net Professional Fees	-	-	-	-	-
Gift Income	-	-	-	1,017,000	1,017,000
Investment Income	-	36,000	-	-	36,000
Other Revenue	-	-	-	-	-
New Issuance of Debt	-	-	-	-	-
Revenues	31,306,081	14,232,897	155,000	7,896,681	53,590,659
EXPENDITURES					
Salaries - Faculty	8,559,167	-	-	364,826	8,923,993
Salaries - Staff	10,960,461	548,270	-	404,037	11,912,768
Wages and Other Compensation	9,185	565,627	8,000	72,950	655,762
Benefits and Other Payroll-Related Costs	4,871,441	177,286	7,000	179,592	5,235,319
Cost of Goods Sold	-	-	-	-	-
Professional Fees and Services	-	832,582	100,000	-	932,582
Travel	-	546,255	-	44,951	591,206
Materials and Supplies	2,439	2,253,538	40,000	-	2,295,977
Communication and Utilities	350,000	233,000	-	3,015	586,015
Repairs and Maintenance	-	289,852	-	-	289,852
Rentals and Leases	-	139,000	-	-	139,000
Printing and Reproduction	-	169,500	-	-	169,500
Debt Service - Principal	6,948,663	270,000	-	-	7,218,663
Debt Service - Interest	1,157,241	283,570	-	-	1,440,811
Capital Expenditures	2,113,004	-	-	2,681	2,115,685
Federal and State Pass-Through Expense	-	-	-	-	-
Scholarships, Exemptions, & Financial Aid	1,223,240	3,743,498	-	5,995,778	10,962,516
Internal Income	-	-	-	-	-
Other Expenditures	-	877,734	-	828,851	1,706,585
Expenditures	36,194,841	10,929,712	155,000	7,896,681	55,176,234
TRANSFERS					
Intra-campus Transfers Between Funds:					
Inter-Fund Transfer In/(Out)	-	-	-	-	-
Transfers Between UNTS Components:					
Shared Services	-	(2,388,246)	-	-	(2,388,246)
Core Services	-	(762,645)	-	-	(762,645)
Other Inter-Unit Transfers In/(Out)	-	(1,243,444)	-	-	(1,243,444)
Other Transfers:					
Transfer to Other State Agencies In/(Out)	-	-	-	-	-
Other Legislative Transfers In/(Out)	4,205,741	-	-	-	4,205,741
Transfers	4,205,741	(4,394,335)	-	-	(188,594)
Estimated Impact on Fund Balance	(683,019)	(1,091,150)	-	-	(1,774,169)
Planned Use of Fund Balance					
UNT Dallas planned use of Fund Balance	683,019	1,091,150	-	-	1,774,169
Planned Use of Fund Balance	683,019	1,091,150	-	-	1,774,169

**FISCAL YEAR 2017 UNT DALLAS
BUDGET DETAIL BY FUND GROUP – NON-CURRENT FUNDS**

University of North Texas Dallas					
Fiscal Year 2017 Budget Detail by Fund Group (Continued...)					
	<i>Non-Current Funds</i>				<i>FY17</i>
	Endowment Funds	Loan Funds	Plant and Debt	Non-Current	All Funds
REVENUES					
Net Tuition and Fees	-	-	-	-	20,544,785
Sales of Goods and Services	-	-	-	-	195,000
Grants and Contracts	-	-	-	-	6,879,681
State Appropriations	-	-	-	-	22,805,189
Capital Appropriations	-	-	-	-	2,113,004
Net Professional Fees	-	-	-	-	-
Gift Income	-	-	-	-	1,017,000
Investment Income	3,000	-	-	3,000	39,000
Other Revenue	-	-	-	-	-
New Issuance of Debt	-	-	69,336,733	69,336,733	69,336,733
Revenues	3,000	-	69,336,733	69,339,733	122,930,392
EXPENDITURES					
Salaries - Faculty	-	-	-	-	8,923,993
Salaries - Staff	-	-	-	-	11,912,768
Wages and Other Compensation	-	-	-	-	655,762
Benefits and Other Payroll-Related Costs	-	-	-	-	5,235,319
Cost of Goods Sold	-	-	-	-	-
Professional Fees and Services	-	-	-	-	932,582
Travel	-	-	-	-	591,206
Materials and Supplies	-	-	-	-	2,295,977
Communication and Utilities	-	-	-	-	586,015
Repairs and Maintenance	-	-	-	-	289,852
Rentals and Leases	-	-	-	-	139,000
Printing and Reproduction	-	-	-	-	169,500
Debt Service - Principal	-	-	-	-	7,218,663
Debt Service - Interest	-	-	-	-	1,440,811
Capital Expenditures	-	-	36,996,733	36,996,733	39,112,418
Federal and State Pass-Through Expense	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	-
Scholarships, Exemptions & Financial Aid	-	-	-	-	10,962,516
Internal Income	-	-	-	-	-
Other Expenditures	-	-	-	-	1,706,585
Expenditures	-	-	36,996,733	36,996,733	92,172,967
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	-	-	-	-	-
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	-	-	-	(2,388,246)
Core Services	-	-	-	-	(762,645)
Other Inter-Unit Transfers In/(Out)	-	-	-	-	(1,243,444)
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	-	-	-	-	-
Other Legislative Transfers In/(Out)	-	-	-	-	4,205,741
Transfers	-	-	-	-	(188,594)
Estimated Impact on Fund Balance	3,000	-	32,340,000	32,343,000	30,568,831
Planned Use of Fund Balance					
UNT Dallas Planned Use of Fund Balance	-	-	-	-	1,774,169
Planned Use of Fund Balance	-	-	-	-	1,774,169

**FISCAL YEAR 2017 UNT DALLAS
REVENUE BREAKOUT BY FUND**

University of North Texas Dallas					
Fiscal Year 2017 - Revenue Breakout by Current Funds					
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	Current Funds
Resident Undergrad Tuition	2,623,040	10,480,283	-	-	13,103,323
Non-resident Undergrad Tuition	-	-	-	-	-
Other Undergrad Tuition	-	-	-	-	-
Waivers Undergrad Tuition	-	-	-	-	-
Gross Undergraduate Tuition	2,623,040	10,480,283	-	-	13,103,323
Resident Graduate Tuition	3,738,448	2,791,799	-	-	6,530,247
Non-resident Graduate Tuition	26,400	12,646	-	-	39,046
Other Graduate Tuition	-	-	-	-	-
Waivers Graduate Tuition	-	-	-	-	-
Gross Graduate Tuition	3,764,848	2,804,445	-	-	6,569,293
Fees - Instructional	-	-	-	-	-
Fees - Mandatory	-	740,893	-	-	740,893
Fees - Incidental	-	131,276	-	-	131,276
Waivers - Fees	-	-	-	-	-
Gross Fees	-	872,169	-	-	872,169
Disc & Allow-Tuition and Fee	-	-	-	-	-
Discount and Allowances	-	-	-	-	-
Tuition and Waiver Conversion	-	-	-	-	-
Net Tuition and Fees	6,387,888	14,156,897	-	-	20,544,785
Athletics	-	-	-	-	-
Auxiliary Enterprises	-	40,000	155,000	-	195,000
Discounts and Allowances - Auxiliaries	-	-	-	-	-
Other Sales of Goods and Services	-	-	-	-	-
Sales of Goods and Services	-	40,000	155,000	-	195,000
Federal Programs and Contracts	-	-	-	1,045,577	1,045,577
Federal Financial Aid	-	-	-	4,600,000	4,600,000
State Programs and Contracts	-	-	-	527,836	527,836
State Financial Aid	-	-	-	-	-
Other Grants and Contracts	-	-	-	706,268	706,268
Grants and Contracts	-	-	-	6,879,681	6,879,681
State Appropriations - General	19,296,665	-	-	-	19,296,665
State Appropriations - Additional	3,508,524	-	-	-	3,508,524
State Appropriations	22,805,189	-	-	-	22,805,189
Capital Appropriations - HEF	2,113,004	-	-	-	2,113,004
Capital Appropriations	2,113,004	-	-	-	2,113,004
Gross Professional Fees	-	-	-	-	-
Contractual Allowances and Discounts	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Gift Income	-	-	-	1,017,000	1,017,000
Investment Income	-	36,000	-	-	36,000
Other Revenue	-	-	-	-	-
Revenues	31,306,081	14,232,897	155,000	7,896,681	53,590,659

**FISCAL YEAR 2017 UNT DALLAS
CURRENT FUNDS BY QUARTER**

University of North Texas Dallas				
Fiscal Year 2017 - Current Funds by Quarter				
Revenues	Q1 FYTD Estimate	Q2 FYTD Estimate	Q3 FYTD Estimate	Q4 FYTD Budget
Net Tuition and Fees	9,039,705	17,668,515	19,106,650	20,544,785
Sales of Goods and Services	48,750	97,500	146,250	195,000
Grants and Contracts	687,968	3,439,841	4,127,809	6,879,681
State Appropriations	22,805,189	22,805,189	22,805,189	22,805,189
Capital Appropriations	2,113,004	2,113,004	2,113,004	2,113,004
Net Professional Fees	-	-	-	-
Gift Income	254,250	508,500	762,750	1,017,000
Investment Income	9,000	18,000	27,000	36,000
Other Revenue	-	-	-	-
New Issuance of Debt	-	-	-	-
Total Revenues	\$ 34,957,867	\$ 46,650,549	\$ 49,088,652	\$ 53,590,659
Expenditures				
Salaries - Faculty	2,677,198	5,354,396	8,031,594	8,923,993
Salaries - Staff	2,978,192	5,956,384	8,934,576	11,912,768
Wages and Other Compensation	196,729	393,457	590,186	655,762
Benefits and Other Payroll-Related Costs	1,413,536	2,827,072	4,240,608	5,235,319
Cost of Goods Sold	-	-	-	-
Professional Fees and Services	261,123	522,246	783,369	932,582
Travel	177,362	354,724	532,085	591,206
Materials and Supplies	642,874	1,285,747	1,928,621	2,295,977
Communication and Utilities	146,504	293,008	439,511	586,015
Repairs and Maintenance	86,956	173,911	260,867	289,852
Rentals and Leases	38,920	77,840	116,760	139,000
Printing and Reproduction	50,850	101,700	152,550	169,500
Debt Service - Principal	-	-	7,218,663	7,218,663
Debt Service - Interest	720,406	720,406	1,440,811	1,440,811
Capital Expenditures	423,137	1,269,411	1,692,548	2,115,685
Federal and State Pass-Through Expense	-	-	-	-
Depreciation and Amortization	-	-	-	-
Scholarships, Exemptions, and Financial Aid	3,288,755	6,577,510	7,673,761	10,962,516
Internal Income	-	-	-	-
Other Expenditures	-	-	-	1,706,585
Total Expenditures	\$ 13,102,540	\$ 25,907,811	\$ 44,036,510	\$ 55,176,234
Transfers				
<i>Intra-campus Transfers Between Funds:</i>				
Inter-Fund Transfer In/(Out)	-	-	-	-
<i>Transfers Between UNTS Components:</i>				
Shared Services	(597,062)	(1,194,123)	(1,791,185)	(2,388,246)
Core Services	(762,645)	(762,645)	(762,645)	(762,645)
Other Inter-Unit Transfers In/(Out)	(310,861)	(621,722)	(932,583)	(1,243,444)
<i>Other Transfers:</i>				
Transfer to Other State Agencies In/(Out)	-	-	-	-
Other Legislative Transfers In/(Out)	4,205,741	4,205,741	4,205,741	4,205,741
Total Transfers	\$ 2,535,174	\$ 1,627,251	\$ 719,329	\$ (188,594)

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UNT System Administration Budget Overview

Executive Summary and Highlights

Strategic Impact and Major Goals Addressed by FY 2017 Budget

Over the last two and a half years, the UNT System has undergone a financial transformation. The purpose of this transformation was to improve the efficiency and accountability of the processes and to strengthen the integrity of the financial records. With significant investments in people and technology, we are steadily progressing toward our goals. Sustaining the progress is a commitment addressed in this budget. Additional resources were added during FY16 and will carry forward to FY17 in our Internal Audit function to ensure adherence to new policies and procedures.

This budget also addresses needs introduced by the state and federal governments impacting our human resources function. The State's e-Verify process and the federal Affordable Care Act required additional resources this year to support the new compliance requirements. Additionally, the increase in the Family and Medical Leave Act utilization required a review that resulted in the need to find solutions that ensured compliance, which is also reflected in this budget.

Also, business process reengineering will be aggressively pursued to become more efficient and cost effective in operations while at the same time not sacrificing quality customer service. Customer service is a major strategic initiative that will kick off with a phased-in approach over this budget year. Resources have also been allocated to support this initiative. UNT System Administration includes:

Core Services

- Academic Affairs and Student Success
- Board of Regents
- Chancellor's Office
- External Relations
- Facilities Planning and Construction
- Finance
- General Counsel
- Government Relations
- Internal Audit

Shared Services

- Information Technology
- Business Support Services
- Human Resources

Revenues

State Appropriations

- Supports salaries for the System Administration;
- Remainder of the appropriation supports the Universities Center at Dallas, North Texas Federation and the College of Law, which will be transferred to other state institutions as appropriate.

Auxiliary – 1900 Elm Street (Majestic Lofts)

- The Lofts maintain average 97% occupancy. Due to the healthy downtown market, rents continue to increase for newly signed leases.
- Oven & Cellar Restaurant is currently under construction and is expected to open in FY 2017.
- Continue to seek tenants for other available space.

Transfers

- Transfers from UNTS institutions support both core and shared services provided to the institutions.
- Project based construction management fees support the operation of the Office of Facilities, Planning and Construction.

Expenses

Increased expenditure budget supports a net increase of 33 FTE over FY16 budget to:

- Strengthen and deepen the Office of Finance, including the centralized Controller function, and Human Resources.
- Support the Office of General Counsel.
- Enhance the responsibility of the Office of Internal Audit.
- Plan and manage the increased construction project volume by the Office of Facilities, Planning and Construction.

Reserves and Capital Expenditures

In FY17, approximately \$2.4M of fund balance will be used to cover operational cost increases incurred after the campus allocation amounts were determined. Supplementing this budget will stabilize operations until a review of additional revenue options and reduction in expenditures can be conducted.

FTE Categories	FY 2016	FY 2017	% Change
	Budget	Budget	
Administrators	16.0	17.0	6.3%
Faculty	0.0	0.0	0.0%
Other Staff	513.0	542.3	5.7%
Total FTE	529.0	559.3	5.7%

FISCAL YEAR 2017 UNT SYSTEM ADMINISTRATION BUDGET FOR REVENUES, EXPENSES & OTHER CHANGES IN FUND BALANCES

University of North Texas System Administration				
Revenues, Expenses and Other Changes in Fund Balances				
All Funds	FY 2016 Budget	FY 2017 Budget	Variance	Variance %
Income/Funding Sources				
Tuition & Fees - Net	-	-	-	0.0%
Sales of Goods and Services	1,906,456	1,899,505	(6,951)	-0.4%
Grant & Contracts (Federal & State)	-	-	-	0.0%
State Appropriations	7,892,941	8,150,650	257,709	3.3%
Capital Appropriations - HEF	-	-	-	0.0%
Net Professional Fees	-	-	-	0.0%
Gift Income	-	-	-	0.0%
Investment Income	200,000	165,989	(34,011)	-17.0%
Other Revenue	-	-	-	0.0%
New Issuance of Debt	2,370,667	56,000,000	53,629,333	2262.2%
Total	\$ 12,370,064	\$ 66,216,144	\$ 53,846,080	435.3%
Expenditures				
Personnel Costs	49,061,763	51,271,640	2,209,877	4.5%
Supplies and Other	6,919,018	5,302,830	(1,616,188)	-23.4%
Travel	293,816	1,021,566	727,750	247.7%
Purchased Services	10,243,016	4,282,951	(5,960,065)	-58.2%
Scholarships, Exemptions, and Financial Aid	-	-	-	0.0%
Debt Service Principal	685,336	3,066,359	2,381,023	347.4%
Capital Outlay	2,498,526	7,528,809	5,030,283	201.3%
Federal and State Pass-Through Expense	-	-	-	0.0%
Interest Expense and Fiscal Charges	1,419,950	3,890,472	2,470,522	174.0%
Total	\$ 71,121,425	\$ 76,364,627	\$ 5,243,202	7.4%
Excess Income Over Expenditures	\$ (58,751,361)	\$ (10,148,483)	\$ 48,602,878	82.7%
Other Revenues, Expenses, Gains, Losses & Transfers				
<i>Transfers Between UNTS Components</i>				
Transfers In/(Out)	58,365,494	46,828,111	(11,537,383)	-19.8%
<i>Other Transfers</i>				
Transfers to Other State Agencies In/(Out)		(212,784)		
Other Legislative Transfers In/(Out)	1,144,412	5,870,053	4,725,641	412.9%
Total Other Revenue, Expenses, and Transfers	\$ 59,509,906	\$ 52,485,380	\$ (6,811,742)	-11.8%
Budget Margin (Deficit)	\$ 758,545	\$ 42,336,897	\$ 41,791,136	
Less: Plant Funds	\$ 200,000	\$ 44,730,000	\$ 44,530,000	
Estimated Impact on Fund Balances Exclusive of Plant Funds	\$ 558,545	\$ (2,393,103)	\$ (2,951,648)	-528.5%
Planned Use of Fund Balances	\$ -	\$ 2,393,103	\$ 2,393,103	100.0%

**FISCAL YEAR 2017 UNT SYSTEM ADMINISTRATION
BUDGET DETAIL BY FUND GROUP – CURRENT FUNDS**

University of North Texas System Administration					
Fiscal Year 2017 Budget Detail by Fund Group					
	<i>Current Funds</i>				Current Funds
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	
REVENUES					
Net Tuition and Fees	-	-	-	-	-
Sales of Goods and Services	-	-	1,899,505	-	1,899,505
Grants and Contracts	-	-	-	-	-
State Appropriations	8,150,650	-	-	-	8,150,650
Capital Appropriations	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Gift Income	-	-	-	-	-
Investment Income	-	165,989	-	-	165,989
Other Revenue	-	-	-	-	-
New Issuance of Debt	-	-	-	-	-
Revenues	8,150,650	165,989	1,899,505	-	10,216,144
EXPENDITURES					
Salaries - Faculty	-	-	-	-	-
Salaries - Staff	7,105,774	33,225,356	156,535	-	40,487,665
Wages and Other Compensation	109,206	410,441	960	-	520,607
Benefits and Other Payroll-Related Costs	2,048,796	8,164,906	49,667	-	10,263,368
Cost of Goods Sold	-	-	-	-	-
Professional Fees and Services	-	3,696,047	586,904	-	4,282,951
Travel	-	1,021,416	150	-	1,021,566
Materials and Supplies	-	640,001	53,740	-	693,741
Communication and Utilities	-	2,546,997	316,942	-	2,863,939
Repairs and Maintenance	212,784	2,731,464	456,510	-	3,400,758
Rentals and Leases	-	957,659	136,923	-	1,094,582
Printing and Reproduction	-	61,881	2,316	-	64,197
Debt Service - Principal	1,531,359	-	1,535,000	-	3,066,359
Debt Service - Interest	2,800,000	-	1,090,472	-	3,890,472
Capital Expenditures	-	-	304,500	-	304,500
Federal and State Pass-Through Expense	-	-	-	-	-
Scholarships, Exemptions, & Financial Aid	-	-	-	-	-
Internal Income	-	(7,339,579)	-	-	(7,339,579)
Other Expenditures	-	395,343	434,158	-	829,501
Expenditures	13,807,919	46,511,931	5,124,777	-	65,444,627
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	-	(2,043,103)	2,393,103	-	350,000
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	26,391,587	-	-	26,391,587
Core Services	-	19,169,995	-	-	19,169,995
Other Inter-Unit Transfers In/(Out)	-	434,360	832,169	-	1,266,529
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	(212,784)	-	-	-	(212,784)
Other Legislative Transfers In/(Out)	5,870,053	-	-	-	5,870,053
Transfers	5,657,269	43,952,839	3,225,272	-	52,835,380
Estimated Impact on Fund Balance	-	(2,393,103)	-	-	(2,393,103)
Planned Use of Fund Balance					
Operations Support	-	2,393,103	-	-	2,393,103
Planned Use of Fund Balance	-	2,393,103	-	-	2,393,103

**FISCAL YEAR 2017 UNT SYSTEM ADMINISTRATION
BUDGET DETAIL BY FUND GROUP – NON-CURRENT FUNDS**

University of North Texas System Administration					FY17
Fiscal Year 2017 Budget Detail by Fund Group (Continued...)					
	<i>Non-Current Funds</i>				All Funds
	Endowment Funds	Loan Funds	Plant and Debt	Non-Current	
REVENUES					
Net Tuition and Fees	-	-	-	-	-
Sales of Goods and Services	-	-	-	-	1,899,505
Grants and Contracts	-	-	-	-	-
State Appropriations	-	-	-	-	8,150,650
Capital Appropriations	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Gift Income	-	-	-	-	-
Investment Income	-	-	-	-	165,989
Other Revenue	-	-	-	-	-
New Issuance of Debt	-	-	56,000,000	56,000,000	56,000,000
Revenues	-	-	56,000,000	56,000,000	66,216,144
EXPENDITURES					
Salaries - Faculty	-	-	-	-	-
Salaries - Staff	-	-	-	-	40,487,665
Wages and Other Compensation	-	-	-	-	520,607
Benefits and Other Payroll-Related Costs	-	-	-	-	10,263,368
Cost of Goods Sold	-	-	-	-	-
Professional Fees and Services	-	-	-	-	4,282,951
Travel	-	-	-	-	1,021,566
Materials and Supplies	-	-	-	-	693,741
Communication and Utilities	-	-	-	-	2,863,939
Repairs and Maintenance	-	-	-	-	3,400,758
Rentals and Leases	-	-	-	-	1,094,582
Printing and Reproduction	-	-	-	-	64,197
Debt Service - Principal	-	-	-	-	3,066,359
Debt Service - Interest	-	-	-	-	3,890,472
Capital Expenditures	-	-	10,920,000	10,920,000	11,224,500
Federal and State Pass-Through Expense	-	-	-	-	-
Scholarships, Exemptions, & Financial Aid	-	-	-	-	-
Internal Income	-	-	-	-	(7,339,579)
Other Expenditures	-	-	-	-	829,501
Expenditures	-	-	10,920,000	10,920,000	76,364,626
TRANSFERS					
<i>Intra-campus Transfers Between Funds:</i>					
Inter-Fund Transfer In/(Out)	-	-	(350,000)	(350,000)	-
<i>Transfers Between UNTS Components:</i>					
Shared Services	-	-	-	-	26,391,587
Core Services	-	-	-	-	19,169,995
Other Inter-Unit Transfers In/(Out)	-	-	-	-	1,266,529
<i>Other Transfers:</i>					
Transfer to Other State Agencies In/(Out)	-	-	-	-	(212,784)
Other Legislative Transfers In/(Out)	-	-	-	-	5,870,053
Transfers	-	-	(350,000)	(350,000)	52,485,380
Estimated Impact on Fund Balance	-	-	44,730,000	44,730,000	42,336,898
Planned Use of Fund Balance					
Operations Support	-	-	-	-	2,393,103
Planned Use of Fund Balance	-	-	-	-	2,393,103

**FISCAL YEAR 2017 UNT SYSTEM ADMINISTRATION
REVENUE BREAKOUT BY FUND**

University of North Texas System Administration					
Fiscal Year 2017 - Revenue Breakout by Current Funds					
	Educational & General	Designated Operating	Auxiliary	Restricted Expendable	Current Funds
Resident Undergrad Tuition	-	-	-	-	-
Non-resident Undergrad Tuition	-	-	-	-	-
Other Undergrad Tuition	-	-	-	-	-
Waivers Undergrad Tuition	-	-	-	-	-
Gross Undergraduate Tuition	-	-	-	-	-
Resident Graduate Tuition	-	-	-	-	-
Non-resident Graduate Tuition	-	-	-	-	-
Other Graduate Tuition	-	-	-	-	-
Waivers Graduate Tuition	-	-	-	-	-
Gross Graduate Tuition	-	-	-	-	-
Fees - Instructional	-	-	-	-	-
Fees - Mandatory	-	-	-	-	-
Fees - Incidental	-	-	-	-	-
Waivers - Fees	-	-	-	-	-
Gross Fees	-	-	-	-	-
Disc & Allow-Tuition and Fee	-	-	-	-	-
Discount and Allowances	-	-	-	-	-
Tuition and Waiver Conversion	-	-	-	-	-
Net Tuition and Fees	-	-	-	-	-
Athletics	-	-	-	-	-
Auxiliary Enterprises	-	-	1,899,505	-	1,899,505
Discounts and Allowances - Auxiliaries	-	-	-	-	-
Other Sales of Goods and Services	-	-	-	-	-
Sales of Goods and Services	-	-	1,899,505	-	1,899,505
Federal Programs and Contracts	-	-	-	-	-
Federal Financial Aid	-	-	-	-	-
State Programs and Contracts	-	-	-	-	-
State Financial Aid	-	-	-	-	-
Other Grants and Contracts	-	-	-	-	-
Grants and Contracts	-	-	-	-	-
State Appropriations - General	8,150,650	-	-	-	8,150,650
State Appropriations - Additional	-	-	-	-	-
State Appropriations	8,150,650	-	-	-	8,150,650
Capital Appropriations - HEF	-	-	-	-	-
Capital Appropriations	-	-	-	-	-
Gross Professional Fees	-	-	-	-	-
Contractual Allowances and Discounts	-	-	-	-	-
Net Professional Fees	-	-	-	-	-
Gift Income	-	-	-	-	-
Investment Income	-	165,989	-	-	165,989
Other Revenue	-	-	-	-	-
Revenues	8,150,650	165,989	1,899,505	-	10,216,144

**FISCAL YEAR 2017 UNT SYSTEM ADMINISTRATION
CURRENT FUNDS BY QUARTER**

University of North Texas System Administration				
Fiscal Year 2017 - Current Funds by Quarter				
	Q1 FYTD Estimate	Q2 FYTD Estimate	Q3 FYTD Estimate	Q4 FYTD Budget
Revenues				
Net Tuition and Fees	-	-	-	-
Sales of Goods and Services	474,876	949,753	1,424,629	1,899,505
Grants and Contracts	-	-	-	-
State Appropriations	5,545,303	6,413,752	7,282,201	8,150,650
Capital Appropriations	-	-	-	-
Net Professional Fees	-	-	-	-
Gift Income	-	-	-	-
Investment Income	41,497	82,995	124,492	165,989
Other Revenue	-	-	-	-
New Issuance of Debt	-	-	-	-
	\$ 6,061,677	\$ 7,446,499	\$ 8,831,322	\$ 10,216,144
Expenditures				
Salaries - Faculty	-	-	-	-
Salaries - Staff	10,121,916	20,243,833	30,365,749	40,487,665
Wages and Other Compensation	130,152	260,304	390,455	520,607
Benefits and Other Payroll-Related Costs	2,565,842	5,131,684	7,697,526	10,263,368
Cost of Goods Sold	-	-	-	-
Professional Fees and Services	1,070,738	2,141,476	3,212,213	4,282,951
Travel	255,392	510,783	766,175	1,021,566
Materials and Supplies	173,435	346,871	520,306	693,741
Communication and Utilities	715,985	1,431,970	2,147,954	2,863,939
Repairs and Maintenance	850,190	1,700,379	2,550,569	3,400,758
Rentals and Leases	273,646	547,291	820,937	1,094,582
Printing and Reproduction	16,049	32,099	48,148	64,197
Debt Service - Principal	767,500	767,500	3,066,359	3,066,359
Debt Service - Interest	545,236	545,236	3,890,472	3,890,472
Capital Expenditures	76,125	152,250	228,375	304,500
Federal and State Pass-Through Expense	-	-	-	-
Scholarships, Exemptions, and Financial Aid	-	-	-	-
Internal Income	(1,834,895)	(3,669,790)	(5,504,684)	(7,339,579)
Other Expenditures	207,375	414,751	622,126	829,501
Total Expenditures	\$ 15,934,685	\$ 30,556,634	\$ 50,822,678	\$ 65,444,627
Transfers				
<i>Intra-campus Transfers Between Funds:</i>				
Inter-Fund Transfer In/(Out)	-	-	175,000	350,000
<i>Transfers Between UNTS Components:</i>				
Shared Services	6,597,897	13,195,794	19,793,690	26,391,587
Core Services	4,792,499	9,584,998	14,377,496	19,169,995
Other Inter-Unit Transfers In/(Out)	316,632	633,265	949,897	1,266,529
<i>Other Transfers:</i>				
Transfer to Other State Agencies In/(Out)	(212,784)	(212,784)	(212,784)	(212,784)
Other Legislative Transfers In/(Out)	5,870,053	5,870,053	5,870,053	5,870,053
Total Transfers	\$ 17,451,797	\$ 29,246,325	\$ 41,040,852	\$ 52,835,380

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Glossary of Terms

All Funds – An all-funds perspective is commonly used in colleges, universities, and not-for-profit organizations to account for all resources received and used throughout an institution. Fund accounting classifies resources into funds according to limitations placed on their use by the resource providers. Each fund has its own revenues, expenditures, transfers, assets, liabilities, and fund balances.

Auxiliary Enterprises – Auxiliary Enterprise funds are generated from fees and sales of goods and services. Revenues and expenditures of auxiliaries are recorded in this fund group. Auxiliaries include parking and transportation, student activity centers, housing (residence halls), and dining services. Fees collected to support auxiliaries, such as housing fees and parking fees, are recognized in these funds.

Capital Appropriations-HEF – Higher Education Fund (HEF) revenues are received from the State of Texas General Revenue Fund for construction and other capital purposes. This constitutional appropriation is made for acquiring land with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair or rehabilitation of building or other permanent improvements and acquisition of capital equipment, library books, and library materials. Construction, improvements, and capital equipment purchases made from HEF funds can only be used for structures used jointly for educational and general activities and for auxiliary enterprises to the extent of their use for educational and general activities.

Capital Expenditures – These expenditures are for acquiring, renovating, or maintaining capitalized fixed assets, such as land, buildings, and equipment. This includes amounts expended for capitalized equipment, vehicles, software, leases, construction projects, and other capitalized expenditures. Any emergency maintenance or repairs that are above the capitalization thresholds should be included in capital expenditures. At the consolidated funds level, this amount will net to exclude amounts recorded as additions to capital (rather than as an expense) consistent with accounting guidelines.

Capital Outlay – Summary level expense category for expense line Capital Expenditures from the Budget Detail by Fund Group sheet.

Communication and Utilities – These expenditures are for communication and utilities fees, including amounts for telecommunication and utilities contracts.

Core Services – Includes functions that are universal in nature, many do not vary largely based on the customer, are generally performed on a cross-institutional level, and may be legally mandated to take a certain level of direction from institutions in service delivery. Includes functions such as support for the Board of Regents, the Chancellor's Office, Academic Affairs, Finance, General Counsel, Government Relations, Internal Audit and Facilities Planning and Construction. These services are funded by transfers from the component units and State Appropriations.

Cost of Goods Sold – These expenditures are incurred by UNTS for goods that are sold, which usually generate revenue classified as Sales of Goods and Services.

Current Funds – Category of funds that include those funds that are most closely associated with day-to-

day operations of the institution. These funds include Education & General, Designated Operating, Auxiliary Enterprises, and Restricted Expendable Funds and are approved by the governing board as part of the operating budget.

Debt Service - Interest – These expenditures are comprised of interest expenses incurred on debt, including amounts for interest expenses, and fiscal charges.

Debt Service - Principal – These expenditures comprise payments of principal due on debt.

Depreciation and Amortization – Depreciation and amortization expenditures are non-cash expenses related to the amortization of capitalized amounts over time. Depreciation expenses reduce the book value of capital assets to reflect the result of wear and tear, age, and/or obsolescence. Depreciation and amortization expenditures are generally recorded in Plant & Debt Funds.

Designated Operating – Designated Operating funds are unrestricted funds that have been designated to support the operating activities of the institution. Revenues and expenditures for operating activities of the academic enterprise are recorded in this fund group.

The sources of Designated Operating funds include revenues from professional services (e.g., medical services), grants and contracts (including cost recovery), designated tuition, other student fees, and quasi-endowment funds (e.g., Tobacco Funds).

Student fees collected as Designated Operating funds may be statutorily authorized under specific legislation, or may be allowable as mandatory or incidental fees under 54.504 or 55.16(c) of the Texas Education Code (TEC). Fees in Designated Operating funds include instructional fees, library use fees, publication fees, international education fees, and technology fees.

Most athletics revenues and expenditures are recorded in Designated Operating funds.

Discounts and Allowances – Discounts and allowances are defined as the difference between the stated charge to the student and what is actually paid by the student and/or third parties on behalf of the student. Discounts and allowances are generally given as institutional merit-based and/or need-based scholarships to offset the cost of tuition, fees, and/or housing and dining expenses.

Educational and General – Educational and General (E&G) funds are used to support the University of North Texas System (UNTS) general educational operations, including faculty salaries, operating expenses of instructional departments, library operations and acquisitions, general administration, student services, campus security, and operation and maintenance of educational and general buildings and facilities, as well as a limited number of special research units. E&G funds may only be expended for purposes as defined by the respective sources of funds; and the funds cannot be transferred to any other fund group.

E&G funds include all general revenue and general revenue-dedicated state appropriations. Biennially, in the General Appropriations Act (GAA), universities are allocated (appropriated) funds based on legislative decisions and formulas calculated by the Texas Legislative Budget Board. These appropriations include general revenue funds (e.g., appropriations for employee benefits and Texas Higher Education Fund appropriations for capital investments) and general revenue-dedicated funds (e.g., statutory and Board-authorized tuition and fees).

Appropriations of federal funds and other funds (e.g., Tobacco Funds) are not considered E&G and are recorded separately in designated operating or other funds.

The chart of accounts segregates E&G funds between General Operating Funds (general revenue-dedicated appropriations for statutory and Board-authorized tuition and fees) and State Appropriations (all other appropriations).

Endowment Funds – Endowment Funds include net income (realized and unrealized gains and losses) from the investment of gifts to the university, the uses of which are either restricted by donors or unrestricted. Endowment Funds may also include investment income from funds designated by administrative decision (quasi-endowment).

Defined amounts of income from the Endowment Funds are distributed to Designated Operating funds, Auxiliary Enterprises funds, and Restricted Expendable funds according to the designations of the respective donors. Endowment Funds do not include those of separately-incorporated foundations. Funds not distributed remain in the Endowment Funds to be invested and expended at a later time.

Federal and State Pass-Through Expense – Expenses incurred as a result of work received from another government or private entity in connection with a grant.

Fees – This consists of revenues generated from fees assessed to students. The fees are categorized as either instructional fees, mandatory fees (e.g., student service fee, intercollegiate athletics fee, library use fee, etc.), or incidental fees (e.g., lab fees, graduation fee, etc.).

Fund Balances – A fund balance is identified as the net difference between a fund’s assets and liabilities. A change in fund balance represents the difference between fund additions (revenues and transfers-in) and deductions (expenditures and transfers-out). This differs from (but is inclusive of) institutional operating reserves which are funds within the unencumbered balance for which no use is presently planned and have been set aside for issues such as economic uncertainties, future apportionments, pending salary or price increase appropriations, etc. These reserves can include unrestricted-undesignated fund balances, and can also include unrestricted-designated fund balances, but should not include funds set aside for future capital replacement needs, future debt service needs, etc.

Gift Income – This includes amounts for operating and non-operating purposes. Gift income may occur in any fund group except E&G funds for which the donor may or may not set restrictions on use of the funds.

Grants and Contracts – These revenues result from grants, contracts, and cooperative agreements with governmental agencies, local, and private organizations for current operations, research or other specified purposes. This includes revenues from federal programs and contracts, federal financial aid, federal pass-through revenue, state programs and contracts, state financial aid, state pass-through revenue, and other grants and contracts.

Higher Education Fund (HEF) – See Capital Appropriations-HEF, above.

Inter-Fund Transfers In/(Out) – This includes all transfers between fund groups within a component unit (i.e., within a campus).

Internal Income – This line item consists of internal income earned by one department for services rendered to another department within a single UNTS component (e.g., printing or advertising services performed by one department as a service for another department). These revenues will net to zero at the component level.

Intra-Campus Transfers Between Funds – See Inter-Fund Transfers In/(Out) above.

Investment Income – This includes revenues received from interest and dividends, realized and unrealized gains and losses on investments, and realized gains or losses on the sale of capital assets.

Interest Expense and Fiscal Charges – Summary level expense line for Debt Service – Interest from the Budget Detail by Fund Group sheet.

Loan Funds – Loan Funds consist of amounts that are held for making loans to students. These funds are derived from a number of sources, including private and governmental gifts and grants, federal borrowing, and unrestricted allocations. Interest income, in most instances, is returned to this fund as an increase to the available fund balance.

Materials and Supplies – These expenditures relate to general supplies and non-capitalized equipment costs.

Net Professional Fees – Net Professional Fees consist of Gross Professional Fees net of Contractual Allowances and Discounts. Professional fees are generated by physician services, counseling services, business consulting services, architectural services, and endowment services provided by UNTS.

Net Tuition and Fees – Student tuition and fee revenues, net of waivers, discounts, and allowances, are included in Net Tuition and Fees. Statutory tuition is authorized under TEC 54.501 and flows to E&G funds. Board-authorized tuition is authorized under TEC 54.008 for graduate programs and also flows to E&G funds. Per TEC 54.0513, Board-designated tuition amounts are approved by the governing board of UNTS and are recorded in Designated Operating funds.

New Issuance of Debt – Proceeds of debt issued to fund capital projects in plant funds including, but not limited to, bonds, bank notes and commercial paper the institution is planning to issue during the fiscal year. Debt proceeds are not revenues, but recorded as a liability on the balance sheet.

Non-Current Funds – Category of funds that include those funds that are unpredictable in nature and not as closely associated with day-to-day operations of the institution as those in Current Funds. These funds are provided in the budget as estimates, so as to show the entire anticipated financial impact of the budget on the institution. These funds include Endowment, Loan, and Plant and Debt Funds and are not approved by the governing board as part of the operating budget.

Non-resident Graduate Tuition – This consists of revenue recognized for gross tuition charges to graduate or professional students for instructional services who are **not** Texas residents.

Non-resident Undergraduate Tuition – This consists of revenue recognized for gross tuition charges to undergraduate students for instructional services who are **not** Texas residents.

Other Expenses – Other expenditures include tax expenses; insurance expenses; postage and shipping expenses; dues, memberships and licenses; patent and royalty expenses; speaking events; employee training expenses; non-travel reimbursable expenses; and other operating expenses.

Other Inter-Unit Transfers In/(Out) – All other transfers of funds between UNTS component units are recorded here. This includes amounts transferred for reimbursement of special project work, various services rendered by one component to another (e.g., library services), or to pay bond payments for debt securities held by UNT System Administration for the benefit of the component units.

Other Legislative Transfers-In/(Out) – Transfers of legislative appropriations from one UNTS component to another.

Other Revenues – This includes revenues received from other activities not included above.

Other Transfers – Transfers to Other State Agencies and Other Legislative Transfers.

Other Undergraduate Tuition - This includes guaranteed tuition, tuition for repeat courses, and tuition for excess hours, and other amounts not included above.

Personnel Costs (Salaries, Wages and Other Compensation, Benefits and Other Payroll-related Costs) – These expenditures include compensation and benefits provided to faculty (including lecturers and teaching graduate students), staff (including administrators, professionals, support staff, and non-teaching graduate students), and hourly or other temporary employees (including student workers). This includes regular or periodic payments for non-regular work or services (e.g., overtime, supplemental compensation, summer compensation, and bonuses).

Planned Use of Fund Balances – Fund balances (positive or negative) that, with approval, are carried forward from the previous year’s budget into the current year’s budget to be used or made up throughout the fiscal year.

Plant & Debt Funds – Plant and Debt Funds include unexpended plant funds, renewal and replacement funds, retirement of indebtedness funds, and investments in plant assets. These funds are used for the construction, renovation, and the acquisition of capital assets.

Printing and Reproduction – These expenditures relate to printing and copying expenses paid to external vendors for printing expenses, publications, and copying services.

Professional Fees and Services – These expenditures relate to unique services that are typically performed by professionals whose occupation is the rendering of such services exclusive of any employment by UNTS. These expenditures occur through accounts payable (i.e., rather than through payroll). Examples include consultant services; medical and veterinary; advertising fees; audit, financial and business services; legal expert services; collection agency services; architectural and engineering services; and other purchased services.

Purchased Services – Summary level expense category for expense line Professional Fees and Services from the Budget Detail by Fund Group sheet.

Rentals and Leases – These expenditures relate to non-capitalized lease and rental fees.

Repairs and Maintenance – These expenditures relate to non-capitalized projects, scheduled maintenance, emergency maintenance and repairs, and other non-capitalized amounts.

Resident Graduate Tuition – This consists of revenue recognized for gross tuition charges to graduate or professional students for instructional services who are Texas residents.

Resident Undergraduate Tuition – This consists of revenue recognized for gross tuition charges to undergraduate students for instructional services who are Texas residents.

Restricted Expendable – Restricted Expendable funds are generated from external sources that restrict the use of the funds. Sources of Restricted Expendable funds include restricted federal grants and contracts, restricted state grants and contracts, gifts and grants from private sources, and restricted distributions from endowments.

Restricted grant and contract funds are not earned until the terms of the agreement under which they were given have been met. Fiscal year budgets include estimates based on historical activity, but actual amounts may vary notably from year-to-year based on the timing and amounts of awards.

Gifts and grants in Restricted Expendable funds include revenues from bequests and pledges for operating purposes. These also include unrestricted gifts from private sources.

Sales of Goods and Services – This consists of revenues generated from the sales of goods and services. These revenues include those generated from athletics sales, auxiliary enterprises sales and services (net of discounts and allowances), library services, property rental revenues, clinical operations, and other sales of goods and services.

Scholarships, Exemptions and Financial Aid – Scholarships, exemptions, and financial aid expenditures are for grants-in-aid or other financial aid payments, as well as tuition exemptions, awarded to students. This includes amounts received in revenues (e.g., federal financial aid) which are then recorded as an expenditure (as scholarships, exemptions, and financial aid) to fund tuition and fee payments.

Shared Services – Includes activities that may have been performed at the institutional or departmental level. Service delivery may be shaped by institutional factors and include transactions that are formed to support operations. Includes the following functions: Information Technology, Business Support Services and Human Resources. These services are funded by transfers from the component units.

State Appropriations – State Appropriations are revenues received from the State of Texas General Revenue Fund that supplement institutional revenue in order to meet operating expenses such as faculty salaries, employee benefits, utilities, and institutional support. State Appropriations are split between State Appropriations-General and State Appropriations-Additional. State Appropriations may only be used for defined purposes and must be recorded in E&G funds as described above.

Supplies and Other – Summary level expense category that combines expense lines Materials and Supplies, Communication and Utilities, Repairs and Maintenance, Rentals and Leases, Printing and Reproduction, Cost of Goods Sold, and Other Expenditures from the Budget Detail by Fund Group sheets.

Transfers Between UNTS Components – Transfers between components of the UNTS that are used to fund core System Administration operations, shared services or other activities one component performs for another.

Transfers to Other State Agencies In/(Out) – This consists of transfers to other Texas state agencies.

Travel – Travel expenditures include direct expenses for domestic and international travel and entertainment costs, as well as amounts reimbursed to employees for such incurred costs.

Waivers – Waivers are recorded as reductions to the gross tuition and fee amounts noted above.

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The University of North Texas System Budget Instructions FY 2017

General Guidelines

The University of North Texas University System is committed to serving the citizens of the State of Texas and understands that the valuable, but limited, resources provided to us must be utilized in the most efficient and effective manner and, as always, with the benefit of the State taxpayers foremost on our minds. The UNT System will continue to act as good stewards of the State of Texas' limited resources and will ensure the benefit to the State taxpayer is considered in every academic, research and service activity performed.

The UNT System remains focused on keeping the cost of attending our universities affordable, expanding student access, improving existing programs, developing new programs to meet new demands, expanding research and commercialization capabilities, and implementing cost-cutting efficiencies through shared services. The imperative of excellence in all we do and the reality of resource limitations in the State of Texas increase the difficulty of meeting these challenges and command that we devote our cooperative efforts to ensuring that the productivity of all UNT System resources is continually optimized.

Therefore, the FY 2017 budget process should focus on funding new initiatives that support the strategic goals and objectives of the individual components and the overall mission of the University of North Texas System, while also minimizing the financial burden on students and their families.

Budget recommendations should be prepared within the estimated funds available. Reserve balances should only be used in special one-time situations or where a definite plan provides justification of a limited use of such balances. In self-supporting activities, total funds budgeted shall not exceed realistic estimates of income and balances brought forward. Recommendations for other operating expenses should be based upon careful estimates of actual needs, taking into account every possibility for savings. Every effort should be made to ensure that we are taking advantage of cost savings opportunities and reducing expenditures wherever possible. In addition, all budgetary projections should include provisions to accommodate items subject to possible inflationary increases during the course of this operating year.

Calendar

The FY 2017 budget calendar (Attachment 1) is provided for your information.

Budget Preparation Contact Information

A contact list (Attachment 2) of System Office staff is provided for your information and use on issues relating to the FY 2017 budget preparation process.

FY 2017 Budget Changes/Reminders:

- **Hyperion**
The FY 2017 annual operating budget will be prepared using Hyperion Planning.
- **Beginning Balances**
Estimated FY 2017 beginning Fund Balances by fund group must be entered into Hyperion along with planned use of reserves, and other changes in fund balances. Estimating Fund Balances in advance of the next fiscal year will become more consistent with experience. The beginning fund balances should be

projected based on the ending fund balance of the most recent quarter and include any expected increases or decreases to fund balances prior to the fiscal year close.

- **Individual Overview/Narrative Presentation**

Each institution is asked to provide a narrative with highlights and significant information from their budget submissions for inclusion in the FY17 Consolidated Budget Summary Book as well as in the individual component presentations to the Board of Regents. The narrative should include relevant information on (not limited to, and if applicable):

- Revenues:
 - New and increased funding (including sources)
 - State appropriations
 - Tuition Revenue Bonds, Etc
 - Grant and research funding
 - Endowment/Gifts
 - Tuition and fee projection methodology
 - Sales and Service Estimates
 - Economic Impacts
 - Enrollment
- Expenses (provide information on the percentage of increased resources that are dedicated to specific areas – add categories you feel are relevant):
 - Salaries – Faculty/Staff
 - Financial Aid/Scholarships
 - Recruitment/Retention – Faculty/Students
 - New programs/New Initiatives
 - Campus Technology and Infrastructure
- Use of reserves

Strategic Context – for significant new initiatives, programs, and/or areas where increased resources will be dedicated (FY17 over prior years), the narrative should specifically demonstrate how these investments support the institution’s strategic plan.

- **Individual Schedules - Schedules, Graphs, Ratios**

The System Budget Office will prepare and present the information for the Budget Summary Book for all component institutions and System Administration for the following:

- Budget for Revenues, Expenses & Other Changes in Net Position
- Budget Detail by Fund Group - Current
- Budget Detail by Fund Group – Noncurrent
- Revenue Breakout by Fund

- **Transfers**

The budget template includes transfer line items. Campus budget offices will be responsible for projecting transfers for the component unit based on debt service expenses, and any other projected transfers between funds, components or other outside agencies. Budget amounts for shared and core services allocations are provided to campus budget offices at each component institution and System Administration by System Administration Budget Office.

- **Intra-campus Transfers Between Funds**
 - **Inter-fund Transfers In/(Out)** is calculated for each unit by summing all of the transfers between Education & General; Designated Operating; Auxiliary Enterprises; Restricted Expendable; Endowment; Loan; Gift; Plant & Debt; and Agency funds.
- **Transfers Between UNTS Components**

- **Shared Services** includes those transfers to UNT System Administration for activities where service delivery may be shaped by institutional factors and includes transactions that are formed to support institutional operations – specifically, Shared Services includes the Business Service Center, Information Technology Shared Services, and Human Resources.
- **Core Services** includes those transfers to UNT System Administration for services provided that are universal in nature, do not tend to vary largely based on the customer, are generally performed on a cross-institutional level, and may be legally mandated to take a certain level of direction from institutions in service delivery. Core Services include areas such as financial services, executive leadership, government relations, facilities, and audit.
- **Other Inter-Unit Transfers In/(Out)** includes those transfers to UNT System Administration for projects and other non-recurring costs that are predictable, may extend over multiple fiscal years, but are not considered part of the Core or Shared Services costs.
- **Other Transfers**
 - **Transfers to Other State Agencies In/(Out)** includes all transfers to other State agencies made outside of the State treasury.
 - **Legislative Transfers In/(Out)** includes all transfers within the State treasury.
- **Information/Instructions/Discussion Items** – the following items will have further information distributed or reviewed in the upcoming weeks via the Budget Manual or during On-Campus meetings:
 - Debt Service
 - HEF
 - Capital Budgeting
 - Transfers
 - Investment Income

Planned Use of Reserves/Carry Forward Balances

Reserves should only be used to fund one-time expenditures that will result in future cost reductions or increases in income or expenditures of carryover balances. Any use of reserves to support the FY 2017 operating budget should be included in the beginning fund balances entries as entered into Hyperion. **Each institution must include justification of the use of reserves for operating expenses and use of reserves for strategic initiatives in the narrative information provided.**

Quarterly Budget to Actual Reporting

Quarterly Estimates of Revenues, Expenditures, and Transfers are calculated in Hyperion as part of the budget process for each institution. The quarterly estimates provided by the program should be reviewed and adjusted by each institution based on institutional trends, historical data, and known one-time or non-typical occurrences that may impact the quarterly estimates for the upcoming year. Actual revenues, expenses and transfers will be reported quarterly to the Board of Regents against the Summary Level budget lines as well as the Quarterly Estimates reported on schedule of Revenues, Expenses, and Transfers by Quarter. Component Budget Offices should work with their respective Controller's Office staff to ensure quarterly budgets will align with quarterly actuals data (accruals, deferrals, etc.)

Budget Review

The System Budget Office will review all budgets prior to the review by the Chancellor and subsequent submission to the Board. Each institution is expected to provide a narrative (to be included in the Executive Budget Summary) to summarize the overall budget submission for FY 2017.

Executive Budget Summary/Board Presentation

The System Budget Office will prepare an Executive Budget Summary of the proposed budgets, along with individual budget overviews for the Budget Summary Book, which will be provided to the Chancellor for review. An electronic copy of the Executive Budget Summary will also be provided to each System member President and CFO.

Component Presidents and CFOs should be prepared to address any specific budgetary questions relating to their budget. Any changes in information to be submitted to the Board as determined by the Board Finance Committee will be relayed to Presidents and CFOs.

Budget Distribution

Upon Board approval, the System Budget Office will coordinate the distribution of budgets in accordance with the Education Code, the General Appropriations Act, and any other state, and UNTS requirements.

Fiscal Year 2017 Operating Budget Calendar

Between March and August, the System Budget Office and component institution Budget Offices work with departments and central office administrators to prepare budgets for the Board of Regents. Major milestones throughout the planning process are listed below.

Date	Action
April - June, 2016	Budget Hearings - Vice Chancellor for Finance, Presidents, Chancellor, CFOs, and Budget Offices discuss Fiscal Year 2017 Budgets.
May 2016	Hyperion – final stages of validation; original budget load; end-user training;
June 6, 2016	Hyperion open and available for budget development.
July 8, 2016	Component Units certify Fiscal Year 2017 Budget data in Hyperion. Hyperion closed for entry/changes.
July 8 - 15, 2016	Component Units provide narrative and highlight information to UNTS Budget Office for inclusion in Consolidated Budget Book.
July 11 – 29, 2016	UNTS Budget Office Prepares Analysis and Compiles Component Unit Budgets into the UNTS Consolidated Fiscal Year 2017 Budget Book and BOR presentations.
July 29, 2016	UNTS Office posts Fiscal Year 2017 Budget materials in advance of the Board of Regents/Finance Committee Meeting.
August 18-19, 2016	UNTS Board or Regents Meeting (Finance Committee Meeting – Day 1).

Fiscal Year 2017 Budget Preparation Contacts

UNT System			
Name	Title	Phone	Email
Budget Office			
Paige Smith	AVC Budget	214-752-5540	paige.smith@untsystem.edu
Jim Gross	Budget Director	940-369-5515	jim.gross@untsystem.edu
Justin Johnson	Admin Coordinator	214-243-1765	justin.johnson@untsystem.edu
Office of Financial Planning & Policy			
Susan Sherman	AVC Financial Planning & Policy	214-752-5542	susan.sherman@untsystem.edu
Kerry Romine	Director of Analysis & Planning	214-752-5543	kerry.romine@untsystem.edu
Treasury			
James Mauldin	AVC Treasury	214-243-1768	james.mauldin@untsystem.edu
Luke Lybrand	Treasury Manager	214-243-1798	luke.lybrand@untsystem.edu



Board Briefing

Committee: Finance & Facilities

Date Filed: August 4, 2016

Title: Approval of UNTS FY2017 Capital Improvement Plan and Amending the FY2016 Capital Improvement Plan

Background:

Institutions of the University of North Texas System have each prepared a five-year capital improvement plan as part of their overall planning process. These plans have been compiled in the UNTS FY2017 Capital Improvement Plan (CIP) which is presented for the Board's action.

The CIP includes 13 newly proposed projects to commence in FY2017 totaling \$99.06 million; planned FY2017 expenditures for these projects total \$14.83 million. The CIP includes a system-wide summary for these projects as well as separate summaries for each institution. In addition, for the FY2017 listed projects, the plan includes individual data sheets incorporating all pertinent data on project scope along with a project description and justification of project need; project budget; preliminary schedule; and identified funding sources.

The CIP also includes \$720.49 million of previously approved projects that are currently in the design and construction phase; planned FY2017 expenditures for these projects total \$215.91. This includes five amendments to the prior year (FY2016) Capital Improvement Plan as follows:

- Project 16-2.77. Increase the project budget for Wooten Hall Code Upgrade by \$500,000 to allow for interior finishes consistent with the code upgrades for a total of \$2.53 million.
- Project 2.21. Increase the project budget for Wooten Hall MEP by \$700,000 due to higher than expected construction bids for a total of \$5.15 million.
- Project 16-2.67. Increase the project budget for 1500 I-35 Building by \$5.5 million to allow for a complete renovation rather than a partial finish-out for a total of \$12.5 million.
- Project 1.03. Increase the project budget by \$404,700 (5% per Regent Rule 11.207) due to higher than estimated construction bids for a total of \$8.5 million.
- Project 16-1.21. UNT Applied Physics is cancelled and funds have been reallocated.

In addition, the plan outlines \$195.51 million in projects planned for the future fiscal years 2018-2021, and also allocates \$10.8 million for future property purchases.

The Board approval of the CIP will provide authority to expend funds up to the total project cost for each project as specified. With approval of the Chancellor, additional funds may be expended in an amount up to 5% in excess of the total project cost, but the increased amount must be reported in an amendment to the Capital Improvement Plan. Any larger changes would require action of the Board. Quarterly progress reporting to the Board will be provided by the Vice Chancellor for Facilities Planning & Construction.

Financial Analysis/History:

Funds for all listed FY2017 projects have been allocated by the institutions and confirmed by signature on the plan documents by the respective Presidents and CFOs. Funding plans have been reviewed by the Vice Chancellor for Finance.

Bob Brown Digitally signed by Bob Brown
DN: cn=Bob Brown, o=University of North Texas, ou=VP for Finance and Administration, email=Bob.Brown@unt.edu, c=US
Date: 2016.08.08 13:48:44 -0500

UNT Chief Financial Officer

Gregory R. Anderson Digitally signed by Gregory R. Anderson
DN: cn=Gregory R. Anderson, o=UNTHSC, ou=Interim Chief Financial Officer, email=gregory.anderson@unthsc.edu, c=US
Date: 2016.08.05 15:20:53 -0500

UNTHSC Chief Financial Officer

daniel.edelman@untdallas.edu Digitally signed by daniel.edelman@untdallas.edu
DN: cn=daniel.edelman@untdallas.edu
Date: 2016.08.08 14:12:56 -0500

Janet Waldron Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System, ou=Vice Chancellor for Finance, email=janet.waldron@untsystem.edu, c=US
Date: 2016.08.08 12:45:21 -0500

UNT System Chief Financial Officer
Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, o=University of North Texas System, ou=Office of General Counsel, email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 14:56:27 -0500

Vice Chancellor/General Counsel

Schedule:

The planning, design and/or construction of these project are anticipated to begin in Fiscal Year 2017. A schedule specific to each project is detailed in the attached plan document.

Recommendation:

It is recommended that the Board of Regents authorize and approve the following Board Order.

Recommended By:

James K. Davis
Associate Vice Chancellor for
Facilities Planning & Development

James M. Maguire Digitally signed by James M. Maguire
DN: cn=James M. Maguire, o=Office of Facilities Planning and Construction, ou=UNT System, email=james.maguire@untsystem.edu, c=US
Date: 2016.08.08 17:17:06 -0500

Vice Chancellor

Lee
Jackson

Digitally signed by Lee Jackson
DN: cn=Lee Jackson, o=UNT
System, ou=Office of the
Chancellor,
email=lee.jackson@untsystem.edu
, c=US
Date: 2016.08.09 17:13:28 -05'00'

Chancellor

Attachments Filed Electronically:

- **UNTS FY2017 Capital Improvement Plan**



Board Order

Title: Approval of UNTS FY2017 Capital Improvement Plan and Amending the FY2016 Capital Improvement Plan

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, the Board of Regents has previously approved the Campus Master Plans for the UNT, UNTHSC, and UNTD, and

Whereas, UNT, UNTHSC and UNTD, and the System Administration have developed Capital Improvement Plans consistent with the master plans and their strategic plans, and

Whereas, the prior year (FY2016) Capital Improvement Plan has been updated to reflect adjusted project scopes and budgets below,

- Project 16-2.77. Increase the project budget for Wooten Hall Code Upgrade by \$500,000 to allow for interior finishes consistent with the code upgrades for a total of \$2.53 million.
- Project 2.21. Increase the project budget for Wooten Hall MEP by \$700,000 due to higher than expected construction bids for a total of \$5.15 million
- Project 16-2.67. Increase the project budget for 1500 I-35 Building by \$5.5 million to allow for a complete renovation rather than a partial finish-out for a total of \$12.5 million.
- Project 1.03. Increase the project budget by \$404,700 (5% per Regent Rule 11.207) due to higher than estimated construction bids for a total of \$8.5 million.
- Project 16-1.21. UNT Applied Physics is cancelled and funds have been reallocated.

Whereas, the institutions' Capital Projects Plans have been aggregated in the UNTS FY2017 Capital Improvements Plan (UNTS CIP),

Whereas, UNTS CIP identifies project scope, justification, budget, funding and schedule for all new projects to commence in Fiscal Year 2017, and

Whereas, funds for Fiscal Year 2017 projects have been identified for expenditure in FY2017 budgets and for the completion of those projects which extend into later Fiscal years, and

Whereas, program and project quarterly status reports will be available to the Board,

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

1. Amend the UNTS FY2016 Capital Improvement Plan as indicated above.
 2. The UNTS FY2017 Capital Improvement Plan as presented.
 3. Vice Chancellor for Facilities Planning and Construction to present quarterly updates on progress of projects in CIP with data provided by Institutions as needed.
 4. Reporting to the Texas Higher Education Coordinating Board as appropriate.
-

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents

FY2017 Capital Improvement Plan

UNIVERSITY *of* NORTH TEXAS SYSTEM

FY2017 SUMMARY

UNIVERSITY OF NORTH TEXAS

UNIVERSITY OF NORTH TEXAS DALLAS

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER

UNIVERSITY OF NORTH TEXAS SYSTEM

FY2017 Capital Improvement Plan
UNIVERSITY of NORTH TEXAS SYSTEM

FY2017 SUMMARY (in \$Million)

NEW PROJECTS FOR FY2017

Proj. No.	Project	Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total Project
University of North Texas									
17-01-0001	Terrill Hall MEP Renovation	HEAF		0.55	5.25				5.80
17-01-0002	Coliseum MEP Renovation	RFS		0.90	9.00				9.90
17-01-0003	Kerr Hall Air Handler Replacement (Phase 1 & 2)	AUX		1.50	2.50				4.00
17-01-0004	USB MEP Renovation	HEAF		0.30	3.00				3.30
17-01-0005	Discovery Park Bio-Medical Engineering Addition	RFS		2.00	15.40				17.40
17-01-0006	Sage Hall Academic Success Center Phase II	HEAF Reserve		0.17	1.28				1.45
17-01-0007	Life Science Building 4th Floor Laboratories Renovation	RFS		0.60	5.70				6.30
17-01-0008	Coliseum Roof Replacement	Local/Cash		4.31					4.31
17-01-0009	Off-Site Campus #2	Local/Cash		0.10	1.40				1.50
17-01-0010	New Classroom Building	RFS		2.20	22.90				25.10
17-01-0011	Hickory Hall Renovation	RFS		0.80	-	8.00			8.80
University of North Texas Total			-	13.43	66.43	8.00	-	-	87.86
University of North Texas Dallas									
University of North Texas Dallas Total									
University of North Texas Health Science Center									
17-03-0001	East Parking Garage Renovation	RFS		0.40	5.60				6.00
17-03-0002	Seminary Medical Clinic	RFS		1.00	4.20				5.20
University of North Texas Health Science Center Total			-	1.40	9.80	-	-	-	11.20
University of North Texas System									
University of North Texas System Total			-	-	-	-	-	-	-
Capital Improvement Plan Total			-	14.83	76.23	8.00	-	-	99.06

Summary by Funding Source

	Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total
HEAF	HEAF	-	0.85	8.25	-	-	-	9.10
HEAF Reserve	HEAF Reserve	-	0.17	1.28	-	-	-	1.45
Tuition Revenue Bonds	TRB	-	-	-	-	-	-	-
Commercial Paper	CP	-	-	-	-	-	-	-
Private Placement	PP	-	-	-	-	-	-	-
Revenue Bonds	RB	-	-	-	-	-	-	-
Revenue Financing System Bonds	RFS	-	7.90	62.80	8.00	-	-	78.70
Auxiliary Reserves	AUX	-	1.50	2.50	-	-	-	4.00
Grants	GRNT	-	-	-	-	-	-	-
Student Fees	SF	-	-	-	-	-	-	-
Housing Revenue	HR	-	-	-	-	-	-	-
Gift/Donations	GIFT	-	-	-	-	-	-	-
Annual Budget, Operating and Capital	Local/Cash	-	4.41	1.40	-	-	-	5.81
Total		-	14.83	76.23	8.00	-	-	99.06

FY2017 Capital Improvement Plan

UNIVERSITY *of* NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS

FY2017 (in \$Million)

University of North Texas

Proj. No.	Project	Funding Source	Prior Yrs						Total Project
			Expensed	2017	2018	2019	2020	2021+	
Previously Approved Projects:									
1.06	Student Residence Hall	PP	-						
		RB	36.36	0.74					37.10
1.17	University Union Renovation	AUX	5.10						
		CP	-						
		PP	-						
		SF	8.00						
		Local/Cash	2.60						
		RB	100.89	11.81					128.40
1.17a	Scoular/ Stovall Relocations	HEAF	1.00						
		CP	7.68	(7.68)					
		RB	7.16	0.54					8.70
2.14	SRB Renovation	HEAF	4.19						
		RFS	1.36	14.88					20.43
2.20	Matthews Hall MEP	HEAF	0.24	3.96					4.20
2.21	Wooten Hall MEP (Amended)	HEAF	0.43	4.72					5.15
2.33	Willis Library MEP	HEAF	0.05	3.80	5.10				8.95
2.34	Hickory Hall MEP	HEAF	0.24	2.76					3.00
5.01	Central Path Extension at Clark Park	HEAF Reserve	0.10	1.40					1.50
16-1.20	College of Visual Arts and Design	TRB	0.39	26.61	38.00	5.00			70.00
16-1.84	New Residence Hall								
16-1.84a	New Residence Hall - Phase 1	RFS		17.04	28.68	3.58			
16-1.84b	New Residence Hall - Phase 2	RFS		2.34	11.86	26.15	3.35		93.00
16-2.25	General Academic Building MEP	HEAF		0.50					
		RFS		7.00					7.50
16-2.50	Life Science Lab Exhaust Upgrade	HEAF	-	3.20					3.20
16-2.55	Discovery Park MEP Upgrade	RFS		0.60	10.00				10.60
16-2.62a	Maple Common Area Renovation	AUX			0.15	1.50			1.65
16-2.63	Kerr Hall Kitchen and Dining Renovation	AUX	0.06	8.18					8.24
16-2.65	Sycamore 2nd Floor Renovation	HEAF	0.04	3.26					3.30
16-2.66	Coliseum Concourse Renovation	RFS		5.50	2.50				8.00
16-2.67	1500 I-35 Building (Amended)	RFS	0.11	10.39	2.00				12.50
16-2.77	Wooten Hall Code Upgrade (Amended)	HEAF		2.53					2.53
16-2.78	Child Development Lab Renovation	HEAF	0.11	1.89					2.00
16-2.79	McConnell Hall MEP	AUX	0.29	1.71					2.00
16-2.80	Fouts Field Demolition	Local/Cash		0.05					
		AUX			4.95				5.00
16-2.81	Fraternity Row Site Development	RFS	0.04	2.20					2.24
16-2.82	Track and Field Stadium and Sports Fields	RFS		2.00					
		GIFT		2.00					
		AUX			1.60				5.60
16-2.83	Bruce Hall Renovation	AUX	0.61	1.09					1.70
16-2.85	Sage Hall Academic Success Center	HEAF Reserve	-	1.85					1.85
Previously Approved Projects Total			177.05	136.87	104.84	36.23	3.35	-	458.34
New Projects for Approval:									
17-01-0001	Terrill Hall MEP Renovation	HEAF		0.55	5.25				5.80
17-01-0002	Coliseum MEP Renovation	RFS		0.90	9.00				9.90
17-01-0003	Kerr Hall Air Handler Replacement (Phase 1 & 2)	AUX		1.50	2.50				4.00
17-01-0004	USB MEP Renovation	HEAF		0.30	3.00				3.30
17-01-0005	Discovery Park Bio-Medical Engineering Addition	RFS		2.00	15.40				17.40
17-01-0006	Sage Hall Academic Success Center Phase II	HEAF Reserve		0.17	1.28				1.45
17-01-0007	Life Science Building 4th Floor Laboratories Renovation	RFS		0.60	5.70				6.30
17-01-0008	Coliseum Roof Replacement	Local/Cash		4.31					4.31
17-01-0009	Off-Site Campus #2	Local/Cash		0.10	1.40				1.50
17-01-0010	New Classroom Building	RFS		2.20	22.90				25.10
17-01-0011	Hickory Hall Renovation	RFS		0.80	-	8.00			8.80

FY2017 (in \$Million)

University of North Texas

Proj. No.	Project	Funding Source	Prior Yrs	2017	2018	2019	2020	2021+	Total Project
			Expensed						
New Project for Approval Total			-	13.43	66.43	8.00	-	-	87.86
Planned Projects with Identified Funding Sources:									
01-0012	Administration Building Renovation	HEAF					0.80	7.20	8.00
01-0013	Curry Hall MEP	HEAF			0.50	5.00			5.50
01-0014	Underground Utility Repairs	HEAF			0.28	2.60			2.88
01-0015	PAC Foundation Repairs	HEAF			0.20	1.85			2.05
01-0016	Physical Education Building (PEB) MEP	HEAF			0.50	7.00			7.50
01-0017	Language Building MEP	HEAF				0.30	4.00	-	4.30
01-0018	Clark Hall lobby renovation	AUX					0.15	2.10	2.25
01-0019	Demo and Build New Business Svs Whse	AUX						1.25	1.25
01-0020	SRB MEP Renovation	HEAF				1.30			1.30
01-0021	RTFP MEP Renovation	HEAF			0.50	5.00			5.50
01-0022	Driveway Upgrades (Discovery Park and Campus)	HEAF				1.20	-	-	1.20
01-0023	Sage Hall Academic Success Center - Phase 3	HEAF			0.26	1.87			2.13
01-0024	Sage Hall Academic Success Center - Phase 4	HEAF				0.24	1.76		2.00
01-0025	Administration Building Chestnut St Drop-off	HEAF			0.40	1.50			1.90
01-0026	Administration Building Elevator Addition	HEAF			-	-		10.00	10.00
01-0027	Chilton Classroom & Restrooms	HEAF			0.40	1.50			1.90
01-0028	Chilton Studio	HEAF			2.50				2.50
01-0029	Chestnut Hall Renovation	HEAF			0.20	1.60			1.80
01-0030	Discovery Park Greenhouse Addition	RFS			-	3.00			3.00
01-0032	ESSC Envelope Upgrade	HEAF			7.80				7.80
01-0033	GAB Interior Renovation	HEAF			0.25	2.25			2.50
01-0034	Language Bldg ADA/TAS upgrades & Interior Renovation	HEAF			-	1.50			1.50
01-0035	New Science & Tech Research Building	TRB			11.76	50.00	36.24		98.00
01-0036	Union Circle Drive Re-surface	AUX			2.00				2.00
01-0037	USB Renovation	HEAF			0.25	2.50			2.75
01-0038	Welch St Complex #2 Demolition	HEAF				1.50			1.50
Planned Projects with Identified Funding Sources Total			-	-	27.80	91.71	42.95	20.55	183.01
Planned Land Acquisitions									
3.01	Land Acquisitions per Master Plan	HEAF		1.50	1.50	1.50	1.50	1.50	7.50
Planned Land Acquisition Total			-	1.50	1.50	1.50	1.50	1.50	7.50
Capital Improvement Plan Total			177.05	151.80	200.57	137.44	47.80	22.05	736.71

Planned Project without Identified Funding Sources

New Construction:

- Science and Tech Research Building
- New Academic Building
- Electrical Substation Expansion

Renovation:

FY2017 (in \$Million)

University of North Texas

Proj. No.	Project	Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total Project
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Summary by Funding Source

	Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total
HEAF	HEAF	6.30	28.97	28.89	40.21	8.06	18.70	131.13
HEAF Reserve	HEAF Reserve	0.10	3.42	1.28	-	-	-	4.80
Tuition Revenue Bonds	TRB	0.39	26.61	49.76	55.00	36.24	-	168.00
Commercial Paper	CP	7.68	(7.68)	-	-	-	-	-
Private Placement	PP	-	-	-	-	-	-	-
Revenue Bonds	RB	144.41	13.09	-	-	-	-	157.50
Revenue Financing System Bonds	RFS	1.51	68.45	108.04	40.73	3.35	-	222.08
Auxiliary Reserves	AUX	6.06	12.48	11.20	1.50	0.15	3.35	34.74
Grants	GRNT	-	-	-	-	-	-	-
Student Fees	SF	8.00	-	-	-	-	-	8.00
Housing Revenue	HR	-	-	-	-	-	-	-
Gift/Donations	GIFT	-	2.00	-	-	-	-	2.00
Annual Budget, Operating and Capital	Local/Cash	2.60	4.46	1.40	-	-	-	8.46
Total		177.05	151.80	200.57	137.44	47.80	22.05	736.71

Approved

Neal Smatresk

Digitally signed by Neal Smatresk
 DN: cn=Neal Smatresk, o=University of North Texas,
 ou=President, email=neal.smatresk@unt.edu, c=US
 Date: 2016.08.04 17:10:04 -0500

President

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 Terrill Hall MEP Renovation
 Capital Improvement Project No. 17-01-0001



PROJECT DESCRIPTION

Terrill Hall was built in 1939 as a women’s dormitory and currently houses the Psychology Department. The electrical system from the pad mount transformer, through main switchgear, and through the distribution panels will be assessed and upgraded as needed. The mechanical system will be assessed and replaced with higher efficiency units under control of the campus Energy Management System (EMS). The plumbing needs to be assessed to determine its condition, and upgrades will be completed as needed.

PROJECT INFORMATION

JUSTIFICATION: The electrical and mechanical equipment has not had any major renovation since 1986, and much of the equipment is beyond its useful life. Replacements and upgrades are needed to assure continued efficient operation of the building.

LOCATION ON CAMPUS:	Denton Main Campus	
SIZE (ASF/GSF):	GSF: 57,671	ASF: 32,560
CIP PROJECT TYPE (NEW CONST. OR RENO.):	Renovation	
HISTORICALLY SIGNIFICANT? (Y or N):	N	
CONSISTENT WITH MASTER PLAN (Y or N):	Y	

PROJECT BUDGET

Design Fees	\$ 550,000
Construction Costs	\$ 4,315,000
Other Costs (Commissioning, Inspection, etc.)	\$ 550,000
Furniture, Fixtures, and Equipment	\$ -
Contingency and Fees	\$ 385,000
Total Projects	\$ 5,800,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abrv.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
HEAF	HEAF	\$ -	\$ 0.55	\$ 5.25	\$ -	\$ -	\$ -	\$ 5.80
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 0.55	\$ 5.25	\$ -	\$ -	\$ -	\$ 5.80

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
Terrill Hall MEP Renovation
Capital Improvement Project No. 17-01-0001



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	N/A
DESIGN:	February 2017 - July 2017
CONSTRUCTION:	September 2017 - August 2018
SUBSTANTIAL COMPLETION:	August 2018

LOCATION MAP



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
Coliseum MEP Renovation
Capital Improvement Project No. 17-01-0002



PROJECT DESCRIPTION

The Coliseum was built in 1973. The electrical system from the pad mount transformer, through the main switchgear and the distribution panels will be upgraded. The mechanical system will be replaced with higher efficiency units under control of the campus Energy Management system (EMS). The plumbing will be assessed and improvements completed as necessary.

PROJECT INFORMATION

JUSTIFICATION: The electrical and mechanical equipment have generally exceeded their useful life. Replacements and upgrades are needed to assure continued efficient operation of the building.

LOCATION ON CAMPUS: Denton Main Campus
SIZE (ASF/GSF): GSF: 196,192 ASF: 120,615
CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
HISTORICALLY SIGNIFICANT? (Y or N): N
CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 900,000
Construction Costs	\$ 7,317,000
Other Costs (Commissioning, Inspection, etc.)	\$ 990,000
Furniture, Fixtures, and Equipment	\$ -
Contingency and Fees	\$ 693,000
Total Projects	\$ 9,900,000

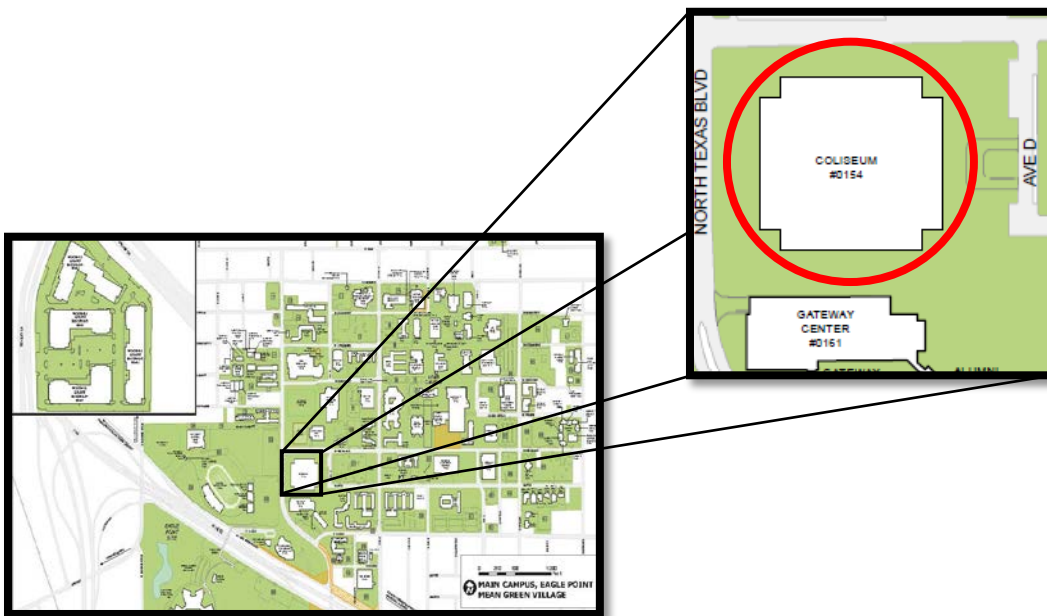
PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
RFS	Revenue Financing System Bonds	\$ -	\$ 0.90	\$ 9.00	\$ -	\$ -	\$ -	\$ 9.90
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 0.90	\$ 9.00	\$ -	\$ -	\$ -	\$ 9.90

PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	N/A
DESIGN:	December 2016 – September 2017
CONSTRUCTION:	November 2017 – June 2019
SUBSTANTIAL COMPLETION:	May 2019

LOCATION MAP



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 Kerr Hall Air Handler Replacement (Phase 1 & 2)
 Capital Improvement Project No. 17-01-0003



PROJECT DESCRIPTION

The 42 air handlers and the ductwork will be replaced as necessary. The ductwork was installed in 1967, and is in need of maintenance repairs and replacement in some areas.

PROJECT INFORMATION

JUSTIFICATION: The air handlers at Kerr Hall have exceeded their useful life, air handlers were installed in 1967; typical useful life is 30 years. They need to be replaced and upgraded to more energy efficient units. Project will be executed in two phases (one phase per tower) over two summers to accommodate student occupancy during the regular school year.

LOCATION ON CAMPUS: Denton Main Campus
SIZE (ASF/GSF): GSF: 210,279 ASF: 137,145
CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
HISTORICALLY SIGNIFICANT? (Y or N): N
CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 400,000
Construction Costs	\$ 3,120,000
Other Costs (Commissioning, Inspection, etc.)	\$ 200,000
Furniture, Fixtures, and Equipment	\$ -
Contingency and Fees	\$ 280,000
Total Projects	\$ 4,000,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs. Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
AUX	Auxiliary Reserves	\$ -	\$ 1.50	\$ 2.50	\$ -	\$ -		\$ 4.00
		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ 1.50	\$ 2.50	\$ -	\$ -		\$ 4.00

UNIVERSITY of NORTH TEXAS SYSTEM

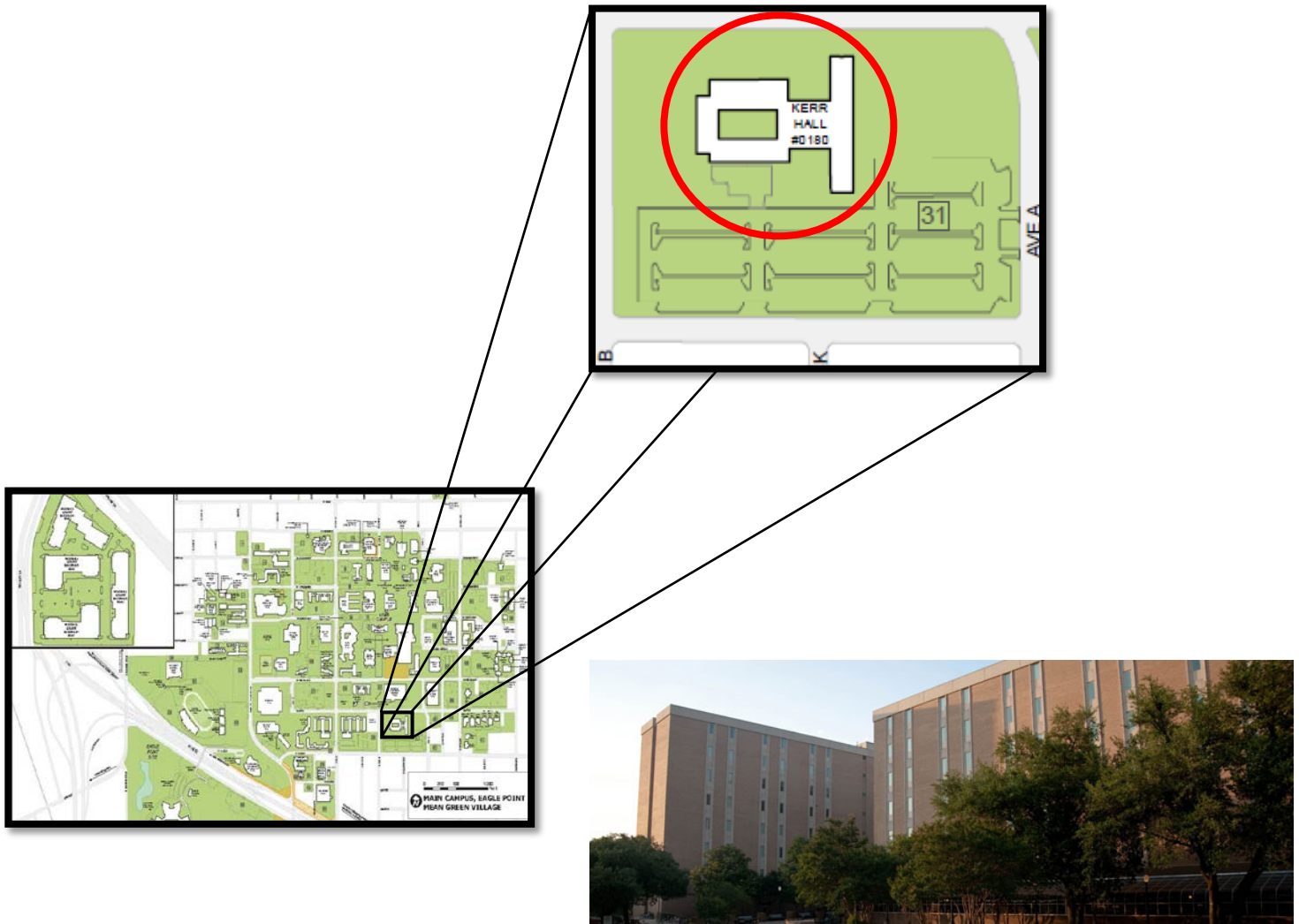
UNIVERSITY OF NORTH TEXAS
Kerr Hall Air Handler Replacement (Phase 1 & 2)
Capital Improvement Project No. 17-01-0003



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	N/A
DESIGN:	October 2016 – December 2016
CONSTRUCTION:	May 2017 – August 2018
SUBSTANTIAL COMPLETION:	August 2018

LOCATION MAP



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 USB MEP Renovation
 Capital Improvement Project No. 17-01-0004



PROJECT DESCRIPTION

The University Services Building (USB) was built in 1985. All of the electrical system components will be assessed and upgraded. The mechanical system needs a complete assessment and most components will require upgrade, including changes to the VAV boxes with reheat. The plumbing will be assessed and upgraded, as needed.

PROJECT INFORMATION

JUSTIFICATION: The electrical equipment has been identified as poorly manufactured and is recommended for replacement by the State Office of Risk Managements assessment done in July of 2014. Additionally, the equipment has exceeded its useful life of 25 years. The mechanical equipment has likewise exceeded its useful life and will be replaced with more efficient units.

LOCATION ON CAMPUS: Denton Main Campus
 SIZE (ASF/GSF): GSF: 49,290 ASF: 43,467
 CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
 HISTORICALLY SIGNIFICANT? (Y or N): N
 CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 300,000
Construction Costs	\$ 2,439,000
Other Costs (Commissioning, Inspection, etc.)	\$ 330,000
Furniture, Fixtures, and Equipment	\$ -
Contingency and Fees	\$ 231,000
Total Projects	\$ 3,300,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
HEAF	HEAF	\$ -	\$ 0.30	\$ 3.00	\$ -	\$ -	\$ -	\$ 3.30
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 0.30	\$ 3.00	\$ -	\$ -	\$ -	\$ 3.30

UNIVERSITY of NORTH TEXAS SYSTEM

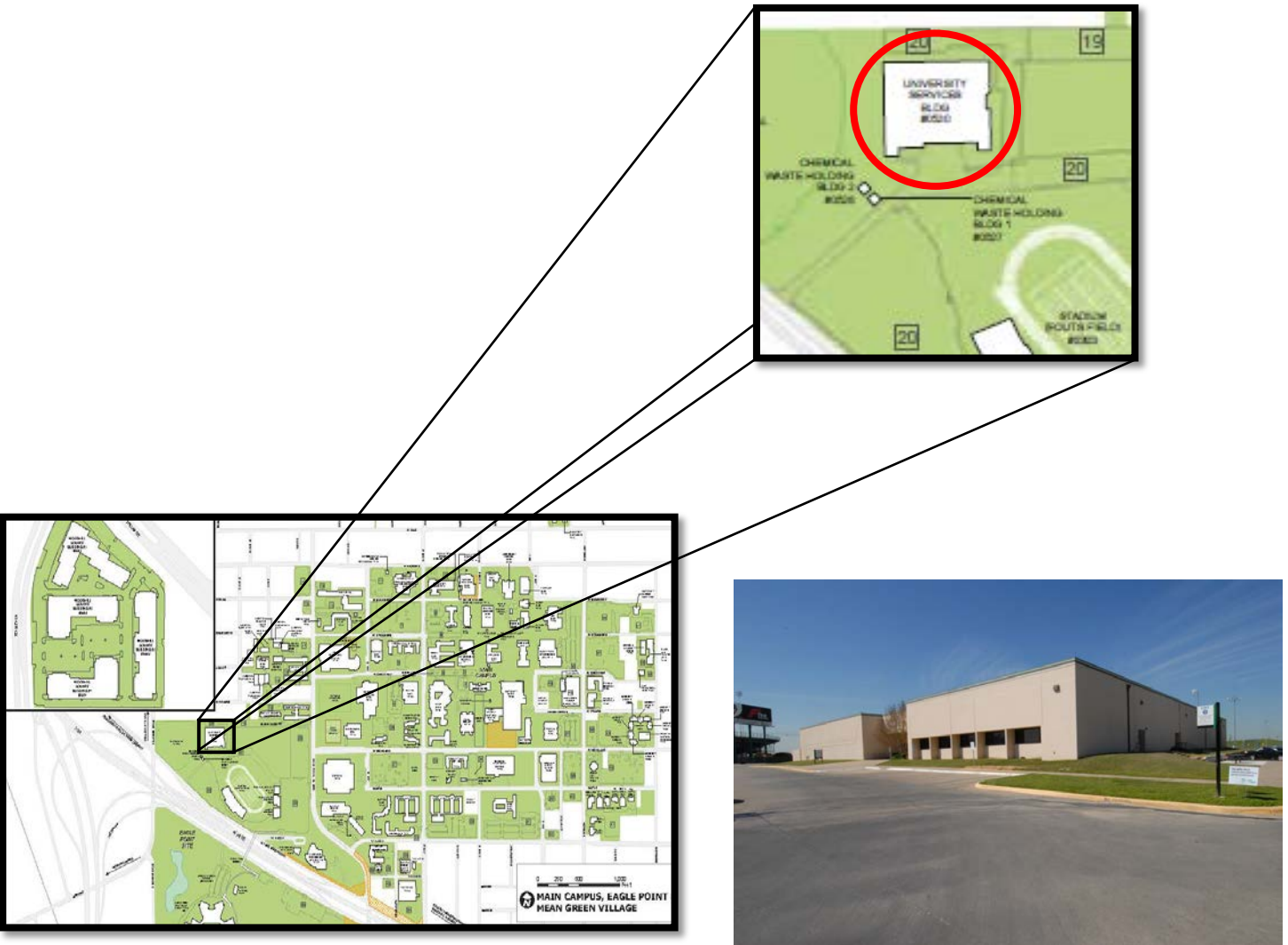
UNIVERSITY OF NORTH TEXAS
USB MEP Renovation
Capital Improvement Project No. 17-01-0004



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	N/A
DESIGN:	January 2017 – August 2017
CONSTRUCTION:	September 2017 – December 2018
SUBSTANTIAL COMPLETION:	December 2018

LOCATION MAP



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 Discovery Park Bio-Medical Engineering Addition
 Capital Improvement Project No. 17-01-0005



PROJECT DESCRIPTION

This project constructs an addition to the building for the new Bio Medical Engineering department. The addition may be a 2-story to accommodate research labs and other Bio-Medical Engineering needs. Site will be determined based upon program adjacencies, cost efficiency, and master plan considerations.

PROJECT INFORMATION

JUSTIFICATION: The Bio-Medical Engineering program was recently approved by THECB. The program continues to show successful growth. Currently Bio Med occupies a small amount of office space only within Discovery Park. Additional space is needed including laboratory space to house the growing program. In 2015, a space study was conducted at Discovery Park and recommended increased square footage and modifications to the facility. This study will serve as the starting point for design.

LOCATION ON CAMPUS: Discovery Park
 SIZE (ASF/GSF): GSF: 21,000 ASF: 13,185
 CIP PROJECT TYPE (NEW CONST. OR RENO.): New Construction
 HISTORICALLY SIGNIFICANT? (Y or N): N
 CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 1,200,000
Construction Costs	\$ 13,500,000
Other Costs (Commissioning, Inspection, etc.)	\$ 580,000
Furniture, Fixtures, and Equipment	\$ 700,000
Contingency and Fees	\$ 1,420,000
Total Projects	\$ 17,400,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
RFS	Revenue Financing System Bonds	-	\$ 2.00	\$ 15.40	\$ -	\$ -	\$ -	\$ 17.40
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 2.00	\$ 15.40	\$ -	\$ -	\$ -	\$ 17.40

UNIVERSITY of NORTH TEXAS SYSTEM

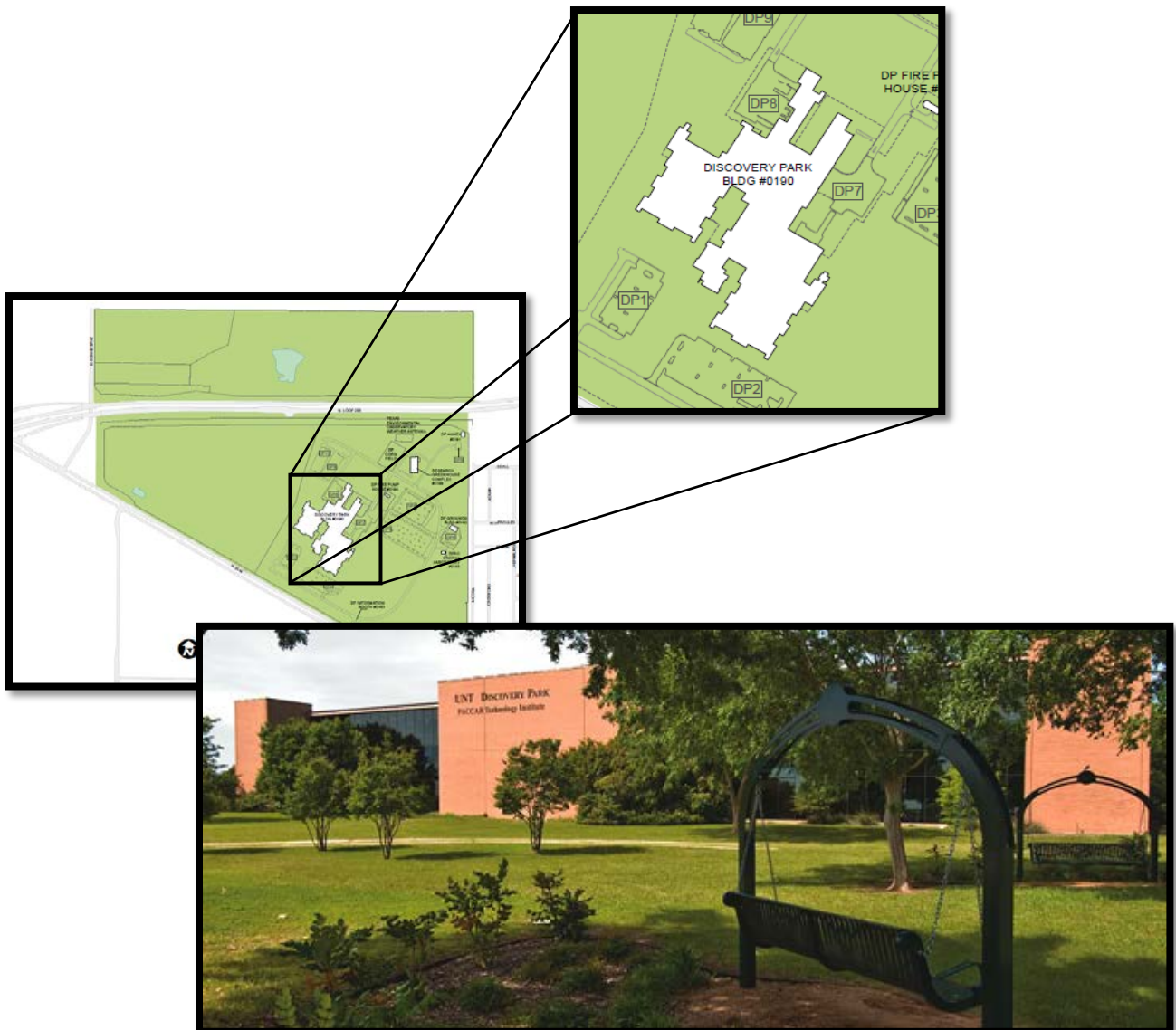
UNIVERSITY OF NORTH TEXAS
Discovery Park Bio-Medical Engineering Addition
Capital Improvement Project No. 17-01-0005



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	September 2016 – March 2017
DESIGN:	April 2017 – May 2018
CONSTRUCTION:	May 2018 – June 2019
SUBSTANTIAL COMPLETION:	May 2019

PROJECT SCHEDULE



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 Sage Hall Academic Success Center Phase II
 Capital Improvement Project No. 17-01-0006



PROJECT DESCRIPTION

The Academic Success Center will serve as a one-stop shop to help students achieve their academic success through centralized support services. The third floor of Sage Hall will be renovated to accommodate functions such as Honors Program, Texas Academy of Math and Sciences, Tutoring Center, computer lab, McNair scholars and others as well as still support existing 5 classrooms. A third phase for the second floor of Sage Hall is under consideration and will be submitted for review as needed.

PROJECT INFORMATION

JUSTIFICATION: Renovations to this educational and general building are needed to accommodate the functions for the new Academic Success Center

LOCATION ON CAMPUS: Denton
 SIZE (ASF/GSF): GSF: 27,491 ASF: 20,356
 CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
 HISTORICALLY SIGNIFICANT? (Y or N): Y
 CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 100,000
Construction Costs	\$ 1,090,000
Other Costs (Commissioning, Inspection, etc.)	\$ 57,000
Furniture, Fixtures, and Equipment	\$ 100,000
Contingency and Fees	\$ 103,000
Total Projects	\$ 1,450,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
HEAF Reserve	HEAF Reserve	\$ -	\$ 0.17	\$ 1.28	\$ -	\$ -	\$ -	\$ 1.45
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 0.17	\$ 1.28	\$ -	\$ -	\$ -	\$ 1.45

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
Sage Hall Academic Success Center Phase II
Capital Improvement Project No. 17-01-0006



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	April 2017 – July 2017
DESIGN:	July 2017 – December 2017
CONSTRUCTION:	January 2018 – August 2018
SUBSTANTIAL COMPLETION:	August 2018

LOCATION MAP



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 Life Science Building 4th Floor Laboratories Renovation
 Capital Improvement Project No. 17-01-0007



PROJECT DESCRIPTION

The fourth floor of Life Sciences A-Wing currently accommodates academic and research laboratory functions. The laboratories are outdated and inadequate to meet the university's research needs. This project will involve a complete remodel of the 4th floor, converting existing laboratory, storage, and academic spaces into a contemporary open lab area.

PROJECT INFORMATION

JUSTIFICATION: UNT has a need for additional wet-lab research space to accommodate a growing cadre of researchers and programs. The 4th floor of Life Sciences A-wing is well suited to support additional labs.

LOCATION ON CAMPUS: Denton
 SIZE (ASF/GSF): GSF: 11,941 ASF: 8,500
 CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
 HISTORICALLY SIGNIFICANT? (Y or N): N
 CONSISTENT WITH MASTER PLAN (Y or N): N

PROJECT BUDGET

Design Fees	\$ 540,000
Construction Costs	\$ 4,990,000
Other Costs (Commissioning, Inspection, etc.)	\$ 120,000
Furniture, Fixtures, and Equipment	\$ 240,000
Contingency and Fees	\$ 410,000
Total Projects	\$ 6,300,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
RFS	Revenue Financing System Bonds	\$ -	\$ 0.60	\$ 5.70	\$ -	\$ -	\$ -	\$ 6.30
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 0.60	\$ 5.70	\$ -	\$ -	\$ -	\$ 6.30

UNIVERSITY of NORTH TEXAS SYSTEM

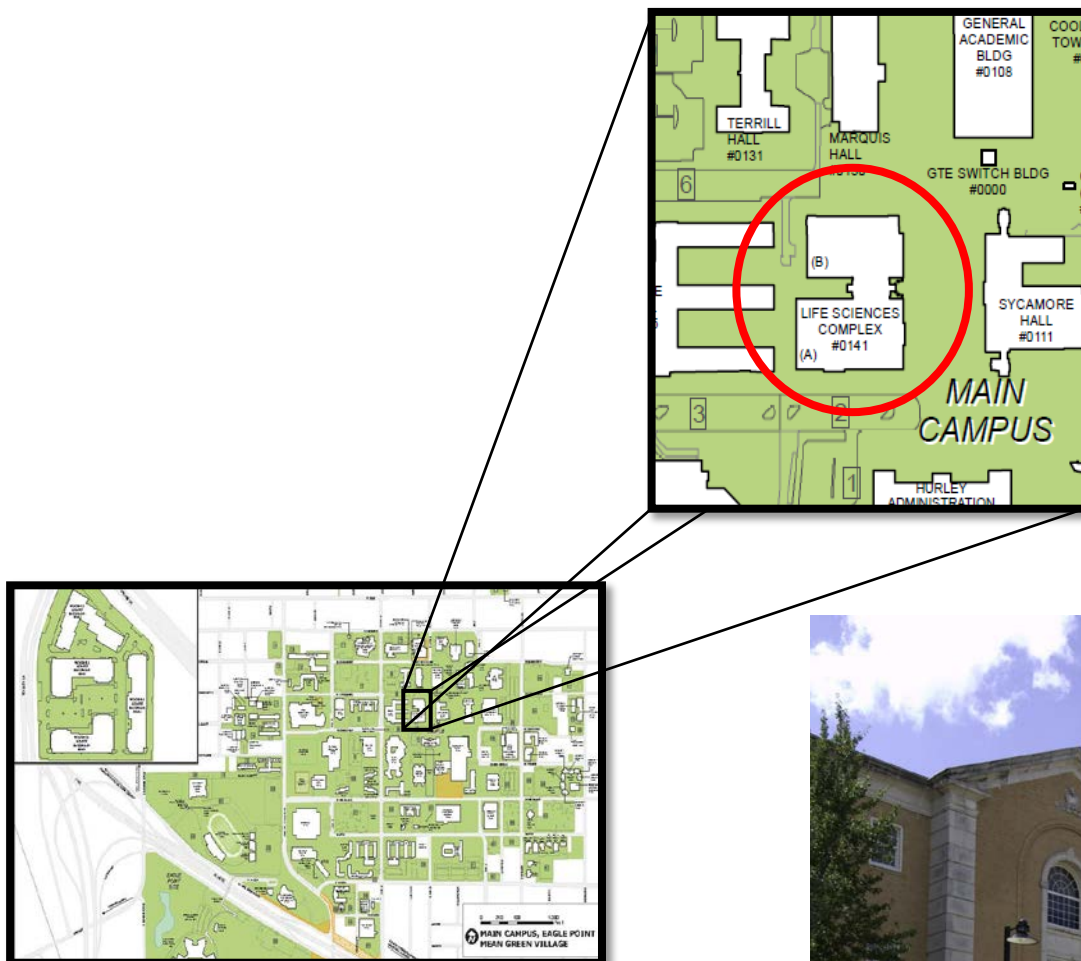
UNIVERSITY OF NORTH TEXAS
Life Science Building 4th Floor Laboratories Renovation
Capital Improvement Project No. 17-01-0007



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	September 2016 – January 2017
DESIGN:	January 2017 – September 2017
CONSTRUCTION:	September 2017 – August 2018
SUBSTANTIAL COMPLETION:	July 2018

LOCATION MAP



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
Coliseum Roof Replacement
Capital Improvement Project No. 17-01-0008



PROJECT DESCRIPTION

The existing roof membrane and all associated materials need to be removed and replaced. In addition to the roof membrane, the existing metal panels around the top of the Coliseum which have reached their useful life, will be replaced with an updated system that will enhance the aesthetics of the building.

PROJECT INFORMATION

JUSTIFICATION: Due to the condition of the roof and the amount of damage sustained during the April 2014 hail storm event, the existing roof membrane and all associated materials must be replaced. The roof and insulation will also be brought up to current codes and standards. The metal panels at the top of the Coliseum are also at the end of their useful life and will be replaced providing an opportunity to greatly enhance the aesthetics of this prominent Facility on North Texas Boulevard.

LOCATION ON CAMPUS: Denton
 SIZE (ASF/GSF): GSF: 120,615 ASF: 41,747
 CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
 HISTORICALLY SIGNIFICANT? (Y or N): N
 CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 310,000
Construction Costs	\$ 4,000,000
Other Costs (Commissioning, Inspection, etc.)	\$ -
Furniture, Fixtures, and Equipment	\$ -
Contingency and Fees	\$ -
Total Projects	\$ 4,310,000

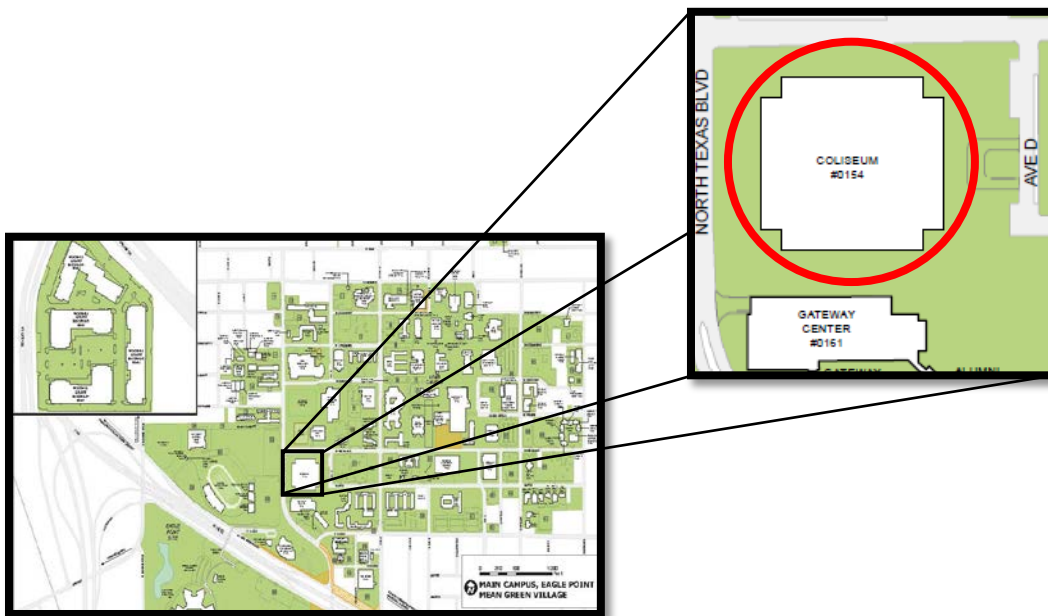
PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
Local/Cash	Annual Budget, Operating and Capital	\$ -	\$ 4.31	\$ -	\$ -	\$ -		\$ 4.31
		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ 4.31	\$ -	\$ -	\$ -		\$ 4.31

PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	October 2016 – January 2017
DESIGN:	January 2017 – July 2017
CONSTRUCTION:	August 2017- May 2017
SUBSTANTIAL COMPLETION:	May 2018

LOCATION MAP



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 Off-site Campus #2
 Capital Improvement Project No. 17-01-0009



PROJECT DESCRIPTION

Build out a lease space for a new off-site UNT campus. Location to be determined.

PROJECT INFORMATION

JUSTIFICATION: The University can better serve the growing population and economy of north Texas from multiple locations. A future location will be determined and coordinated with the Board of Regents.

LOCATION ON CAMPUS: Off-campus
 SIZE (ASF/GSF): GSF: 23,500 ASF: 21,100
 CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
 HISTORICALLY SIGNIFICANT? (Y or N): N
 CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 100,000
Construction Costs	\$ 1,000,000
Other Costs (Commissioning, Inspection, etc.)	\$ 100,000
Furniture, Fixtures, and Equipment	\$ 200,000
Contingency and Fees	\$ 100,000
Total Projects	\$ 1,500,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Ys Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
Local/Cash	Annual Budget, Operating and Capital	\$ -	\$ 0.10	\$ 1.40	\$ -	\$ -	\$ -	\$ 1.50
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 0.10	\$ 1.40	\$ -	\$ -	\$ -	\$ 1.50

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
Off-site Campus #2
Capital Improvement Project No. 17-01-0009



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	October 2016 – January 2017
DESIGN:	February 2017 – August 2017
CONSTRUCTION:	September 2017 – August 2018
SUBSTANTIAL COMPLETION:	July 2018

LOCATION MAP

Location for this project is to be determined.

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 New Classroom Building
 Capital Improvement Project No. 17-01-0010



PROJECT DESCRIPTION

The University of North Texas plans to build a new 32,000 SF classroom building on the main campus. The building will house general classroom facilities and instructional space to serve the growing student enrollment. Classrooms will use the latest technologies, furnishings and design layouts available to provide state of the art collaborative learning environments.

PROJECT INFORMATION

JUSTIFICATION: A new classroom building is needed to serve the needs and improve the learning experience for students. Though UNT SUE scores are within the top 5 in the State of Texas this project is needed to support increasing enrollment and replace aging instructional space. Many classrooms have aging infrastructure and designs that do not support new technology. Cutting edge contemporary facilities are needed to support changing pedagogy style.

LOCATION ON CAMPUS: Denton
 SIZE (ASF/GSF): GSF: 32,000 ASF: 21,600
 CIP PROJECT TYPE (NEW CONST. OR RENO.): New Construction
 HISTORICALLY SIGNIFICANT? (Y or N): N
 CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 1,700,000
Construction Costs	\$ 19,950,000
Other Costs (Commissioning, Inspection, etc.)	\$ 750,000
Furniture, Fixtures, and Equipment	\$ 600,000
Contingency and Fees	\$ 2,100,000
Total Projects	\$ 25,100,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
RFS	Revenue Financing System Bonds	\$ -	\$ 2.20	\$ 22.90	\$ -	\$ -	\$ -	\$ 25.10
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 2.20	\$ 22.90	\$ -	\$ -	\$ -	\$ 25.10

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS

New Classroom Building

Capital Improvement Project No. 17-01-0010



UNIVERSITY OF NORTH TEXAS*

PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:

N/A

PROGRAMMING/PLANNING:

October 2016 –April 2017

DESIGN:

May 2017 – April 2018

CONSTRUCTION:

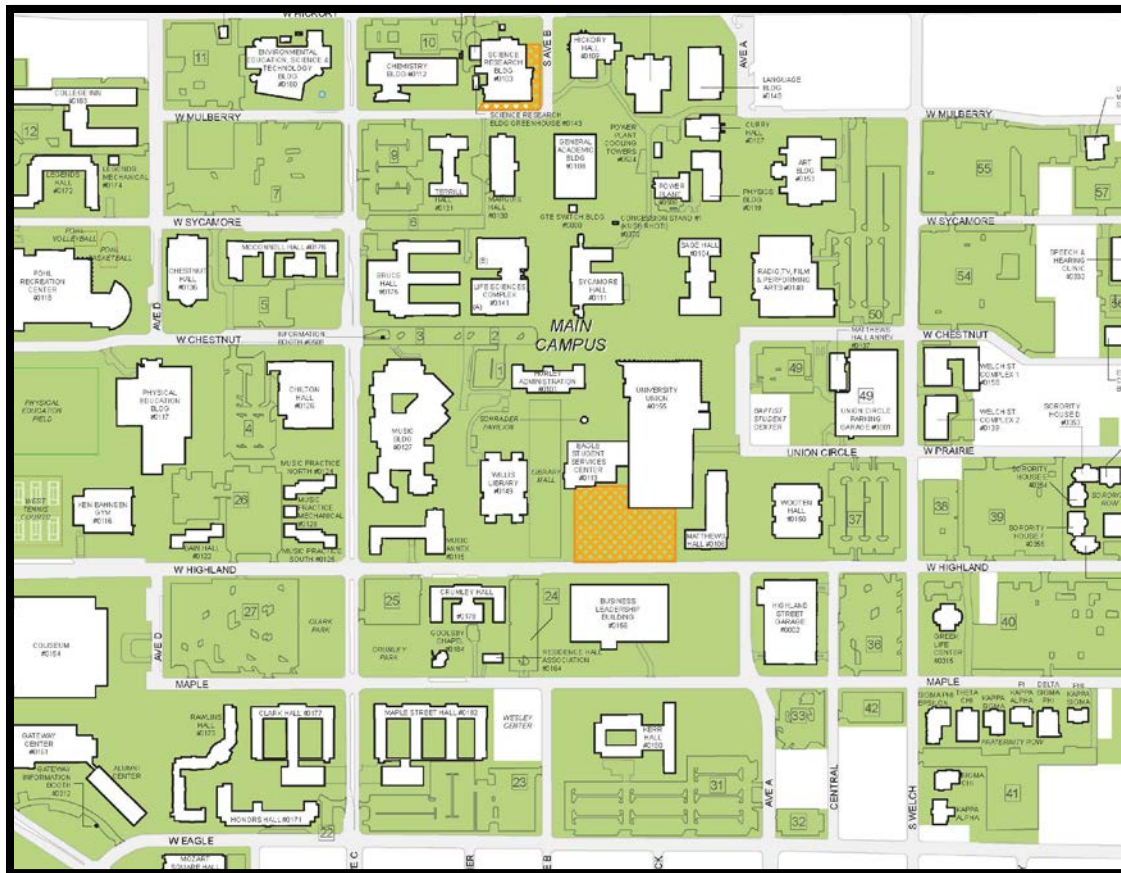
May 2018 – August 2019

SUBSTANTIAL COMPLETION:

July 2019

LOCATION MAP

Location on the Main Campus is to be determined.



UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS
 Hickory Hall Renovation
 Capital Improvement Project No. 17-01-0011



PROJECT DESCRIPTION

More than 20,000 square feet of space in Hickory Hall is occupied by functions moving into the new CVAD building. This project will coincide with the completion of the CVAD building to convert the space vacated by CVAD into dry laboratory research functions.

PROJECT INFORMATION

JUSTIFICATION: UNT is committed to furthering efforts in research. This project will improve and increase dry laboratory and computational space for the Institutes of Research Excellence in STEM disciplines.

LOCATION ON CAMPUS: Denton
SIZE (ASF/GSF): GSF: 20,218 ASF: 20,218
CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
HISTORICALLY SIGNIFICANT? (Y or N): Y
CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 800,000
Construction Costs	\$ 6,000,000
Other Costs (Commissioning, Inspection, etc.)	\$ 370,000
Furniture, Fixtures, and Equipment	\$ 650,000
Contingency and Fees	\$ 980,000
Total Projects	\$ 8,800,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abbr.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
RFS	Revenue Financing System Bonds	\$ -	\$ 0.80	\$ -	\$ 8.00	\$ -	\$ -	\$ 8.80
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 0.80	\$ -	\$ 8.00	\$ -	\$ -	\$ 8.80

UNIVERSITY of NORTH TEXAS SYSTEM

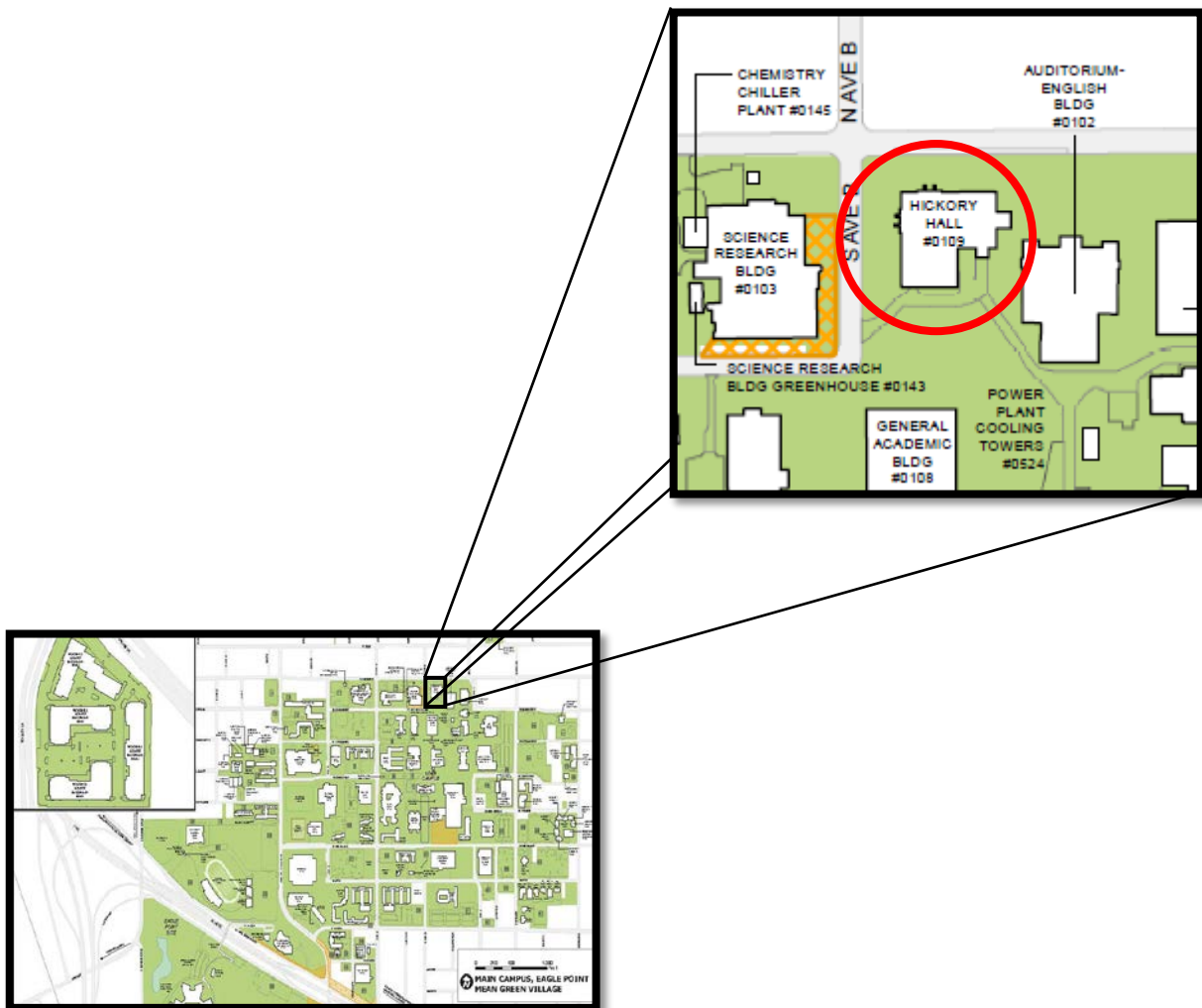
UNIVERSITY OF NORTH TEXAS
Hickory Hall Renovation
Capital Improvement Project No. 17-01-0011



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	October 2016 – February 2017
DESIGN:	March 2017 – January 2018
CONSTRUCTION:	September 2018 – August 2019
SUBSTANTIAL COMPLETION:	July 2019

LOCATION MAP



FY2017 Capital Improvement Plan

UNIVERSITY *of* NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS DALLAS

FY2017 Capital Improvement Plan
 UNIVERSITY of NORTH TEXAS SYSTEM



FY2017 (in \$Million)

University of North Texas Dallas

Proj. No.	Project	Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total Project
Previously Approved Projects:									
16-1.01	Student Learning and Success Center	TRB	0.29	15.71	33.40	13.60			63.00
16-1.04	Campus Infrastructure	HEAF	0.05	1.10					1.65
		CP		0.50					
1.03	Residence Hall (Amended)	RB	0.57	7.12					8.50
		Local/Cash		0.81					
Previously Approved Projects Total			0.91	25.24	33.40	13.60	-	-	73.15
New Projects for Approval:									
New Project for Approval Total			-	-	-	-	-	-	-
Planned Projects with Identified Funding Sources:									
Planned Projects with Identified Funding Sources Total			-	-	-	-	-	-	-
Planned Land Acquisitions									
Planned Land Acquisition Total			-	-	-	-	-	-	-
Capital Improvement Plan Total			0.91	25.24	33.40	13.60	-	-	73.15

Planned Project without Identified Funding Sources

New Construction:

- School of Pharmacy and Health Professions
- Road/ Promenade Construction
- UNT Dallas Training and Conference Center
- Satellite Utility Plants
- Parking Lots
- Acquisition of Land
- Parking Garage
- STEM Building
- Business Technology Building

Renovation:

Summary by Funding Source

Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total
HEAF	HEAF	0.05	1.10	-	-	-	1.15
HEAF Reserve	HEAF Reserve	-	-	-	-	-	-
Tuition Revenue Bonds	TRB	0.29	15.71	33.40	13.60	-	63.00
Commercial Paper	CP	-	0.50	-	-	-	0.50
Private Placement	PP	-	-	-	-	-	-
Revenue Bonds	RB	0.57	7.12	-	-	-	7.69
Revenue Financing System Bonds	RFS	-	-	-	-	-	-
Auxiliary Reserves	AUX	-	-	-	-	-	-
Grants	GRNT	-	-	-	-	-	-
Student Fees	SF	-	-	-	-	-	-
Housing Revenue	HR	-	-	-	-	-	-
Gift/Donations	GIFT	-	-	-	-	-	-
Annual Budget, Operating and Capital	Local/Cash	-	0.81	-	-	-	0.81
Total		0.91	25.24	33.40	13.60	-	73.15

Approved

President

FY2017 Capital Improvement Plan

UNIVERSITY *of* NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER

FY2017 (in \$Million)

University of North Texas Health Science Center

Proj. No.	Project	Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total Project
Previously Approved Projects:									
2.90	Professional Building Renovation	HEAF	4.15	0.85					5.00
16-1.40	Interdisciplinary Research Building	TRB		35.70	44.30				
		RFS	3.00	5.23	12.57	20.20			121.00
16-2.96	Research and Education (RES) Level 4	RFS	0.01			2.99	1.50		4.50
16-2.94	Patient Care Center Level 6	RFS	0.01		0.49	1.00	1.00		2.50
Previously Approved Projects Total			7.17	41.78	57.36	24.19	2.50	-	133.00
New Projects for Approval:									
17-03-0001	East Parking Garage Renovation	RFS		0.40	5.60				6.00
17-03-0002	Medical Clinic	RFS		1.00	4.20				5.20
New Project for Approval Total			-	1.40	9.80	-	-	-	11.20
Planned Projects with Identified Funding Sources:									
03-0003	Renovation Patient Care Center Level 5	RFS				2.50			2.50
03-0004	Renovation Patient Care Center Level 3 and 4	HEAF					3.00	2.00	5.00
03-0005	Renovation Patient Care Center Level 1 and 2	HEAF						5.00	5.00
Planned Projects with Identified Funding Sources Total			-	-	-	2.50	3.00	7.00	12.50
Planned Land Acquisitions									
3.01	Property Acquisition	RFS		3.30					3.30
Planned Land Acquisition Total			-	3.30	-	-	-	-	3.30
Capital Improvement Plan Total			7.17	46.48	67.16	26.69	5.50	7.00	160.00

Planned Project without Identified Funding Sources

New Construction:
 Parking Garage
 Campus Beautification
 Campus Center Building B

Renovation:
 UNT Health Clinic Sites

Summary by Funding Source

Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total
HEAF	HEAF	0.85	-	-	3.00	7.00	15.00
HEAF Reserve	HEAF Reserve	-	-	-	-	-	-
Tuition Revenue Bonds	TRB	35.70	44.30	-	-	-	80.00
Commercial Paper	CP	-	-	-	-	-	-
Private Placement	PP	-	-	-	-	-	-
Revenue Bonds	RB	-	-	-	-	-	-
Revenue Financing System Bonds	RFS	9.93	22.86	26.69	2.50	-	65.00
Auxiliary Reserves	AUX	-	-	-	-	-	-
Grants	GRNT	-	-	-	-	-	-
Student Fees	SF	-	-	-	-	-	-
Housing Revenue	HR	-	-	-	-	-	-
Gift/Donations	GIFT	-	-	-	-	-	-
Annual Budget, Operating and Capital	Local/Cash	-	-	-	-	-	-
Total		7.17	67.16	26.69	5.50	7.00	160.00

Approved

Michael R. Williams
 President

Digitally signed by Michael R. Williams
 DN: cn=Michael R. Williams, o=UNTHSC,
 ou=President,
 email=michael.williams@unthsc.edu, c=US
 Date: 2016.08.04 20:26:20 -0500

FY 2017 Capital Improvement Plan

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER
 PROJECT NAME: East Parking Garage Addition
 Capital Improvement Project No. 17-03-0001



PROJECT DESCRIPTION

This project will add an additional level of approximately 59,750 GSF to the Clifton St. Parking Garage in order to accommodate the growth of students and faculty at the UNT Health Science Center. The garage was originally designed to allow another level to be constructed on the existing structure. A 2014 engineering study confirmed an additional level was possible. This would increase the number of parking spaces by 205.

PROJECT INFORMATION

JUSTIFICATION: This renovation will provide 205 new parking spaces to accommodate the current and future anticipated growth in student and faculty at the UNT Health Science Center.

LOCATION ON CAMPUS: Main Campus, Clifton Street Parking Garage
 SIZE (ASF/GSF): GSF: 59,750 ASF: 26,885
 CIP PROJECT TYPE (NEW CONST. OR RENO.): Renovation
 HISTORICALLY SIGNIFICANT? (Y or N): N
 CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 400,000
Construction Costs	\$ 5,200,000
Other Costs (Commissioning, Inspection, etc.)	\$ 200,000
Furniture, Fixtures, and Equipment	\$ 20,000
Contingency and Fees	\$ 180,000
Total Projects	\$ 6,000,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abrv.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
RFS	Revenue Financing System Bonds	\$ -	\$ 0.40	\$ 5.60	\$ -	\$ -	\$ -	\$ 6.00
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 0.40	\$ 5.60	\$ -	\$ -	\$ -	\$ 6.00

UNIVERSITY of NORTH TEXAS SYSTEM

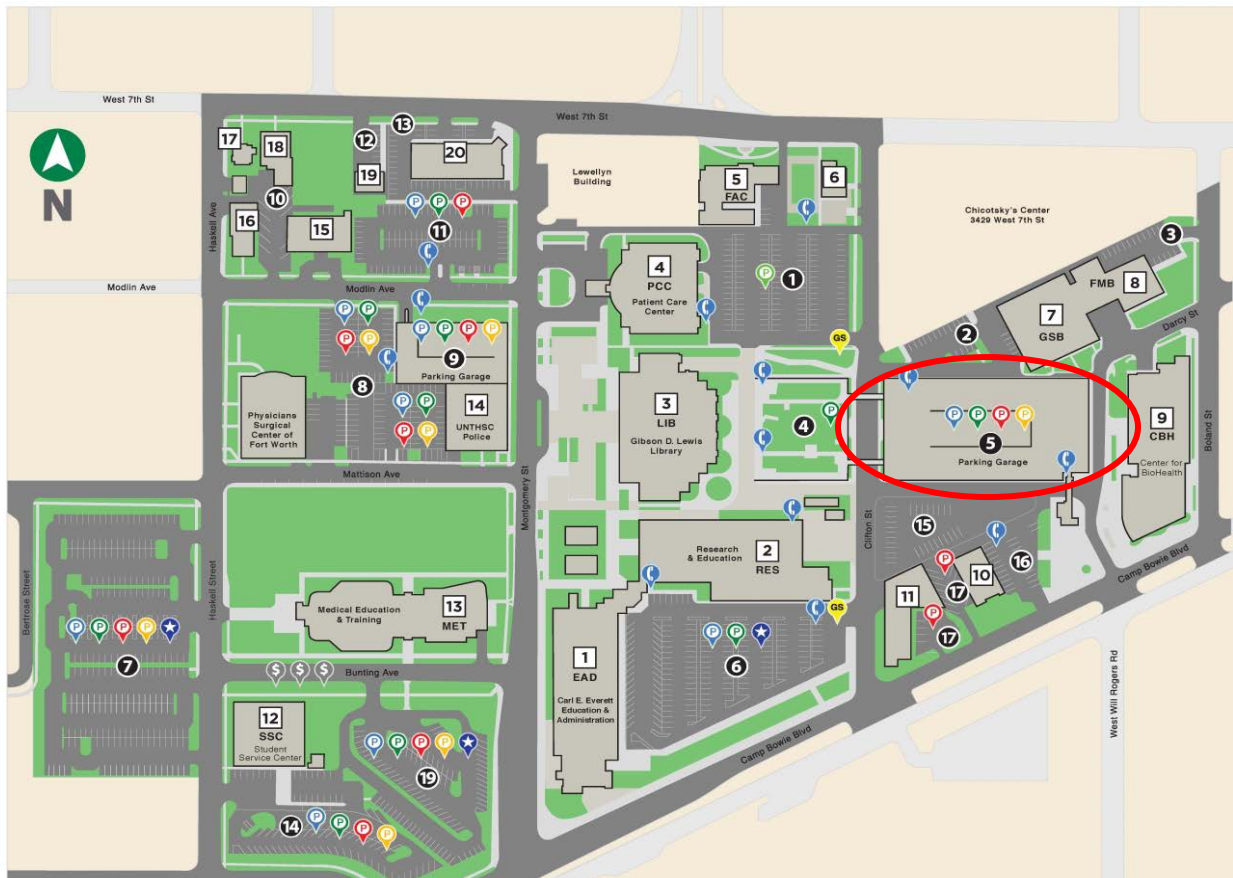
UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER
PROJECT NAME: East Parking Garage Addition
Capital Improvement Project No. 17-03-0001



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	N/A
DESIGN:	December 2016 – May 2017
CONSTRUCTION:	September 2017 – December 2017
SUBSTANTIAL COMPLETION:	January 2018

Location Map



FY 2017 Capital Improvement Plan

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER

PROJECT NAME: Medical Clinic

Capital Improvement Project No. 17-03-0002



PROJECT DESCRIPTION

This project will construct a new Medical Clinic on a future land purchase to replace the existing Medical Clinic on Seminary Street. The clinic is needed to provide a rotation location for medical students and to address the under served population of Fort Worth.

PROJECT INFORMATION

JUSTIFICATION: To continue to offer quality care to our patients with a new updated clinic as the old clinic is out of date, the equipment is out of date and it in a state of disrepair. The existing clinic cannot be renovated because it would be not be financially feasible. The clinic is needed to provide health care to the under-served community and it is needed for clinical rotations.

LOCATION ON CAMPUS: Off Main Campus, Location TBD
 SIZE (ASF/GSF): GSF: 15,000 ASF: 10,500
 CIP PROJECT TYPE (NEW CONST. OR RENO.): New Construction
 HISTORICALLY SIGNIFICANT? (Y or N): N
 CONSISTENT WITH MASTER PLAN (Y or N): Y

PROJECT BUDGET

Design Fees	\$ 400,000
Construction Costs	\$ 4,000,000
Other Costs (Commissioning, Inspection, etc.)	\$ 100,000
Furniture, Fixtures, and Equipment	\$ 300,000
Contingency and Fees	\$ 400,000
Total Projects	\$ 5,200,000

PROJECT FUNDING (in \$ Millions)

Funding Source Abrv.	Funding Source	Prior Yrs Costs	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021+	Source Total
RFS	Revenue Financing System Bonds	\$ -	\$ 1.00	\$ 4.20	\$ -	\$ -	\$ -	\$ 5.20
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ 1.00	\$ 4.20	\$ -	\$ -	\$ -	\$ 5.20

UNIVERSITY of NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER

PROJECT NAME: Medical Clinic

Capital Improvement Project No. 17-03-0002



PROJECT SCHEDULE

PREVIOUS APPROVALS FROM BOARD OF REGENTS:	N/A
PROGRAMMING/PLANNING:	September 2016 – December 2016
DESIGN:	January 2017 – August 2017
CONSTRUCTION:	August 2017 – May 2018
SUBSTANTIAL COMPLETION:	July 2018

Location Map

Exact location will be determined based on the future acquisition of land that will approved by the Board of Regents.

FY2017 Capital Improvement Plan

UNIVERSITY *of* NORTH TEXAS SYSTEM

UNIVERSITY OF NORTH TEXAS SYSTEM

FY2017 (in \$Million)

University of North Texas System

Proj. No.	Project	Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total Project
Previously Approved Projects:									
16-2.01	Renovate Dallas Municipal Bldg and Assoc Law Bldgs	TRB	0.52	12.02	25.20	18.26			56.00
Previously Approved Projects Total			0.52	12.02	25.20	18.26	-	-	56.00
New Projects for Approval:									
New Project for Approval Total			-	-	-	-	-	-	-
Planned Projects with Identified Funding Sources:									
Planned Projects with Identified Funding Sources Total			-	-	-	-	-	-	-
Planned Land Acquisitions									
Planned Land Acquisition Total			-	-	-	-	-	-	-
Capital Improvement Plan Total			0.52	12.02	25.20	18.26	-	-	56.00

Planned Project without Identified Funding Sources

New Construction:

Renovation:

System Building 8th Floor

Summary by Funding Source

	Funding Source	Prior Yrs Expensed	2017	2018	2019	2020	2021+	Total
HEAF	HEAF	-	-	-	-	-	-	-
HEAF Reserve	HEAF Reserve	-	-	-	-	-	-	-
Tuition Revenue Bonds	TRB	0.52	12.02	25.20	18.26	-	-	56.00
Commercial Paper	CP	-	-	-	-	-	-	-
Private Placement	PP	-	-	-	-	-	-	-
Revenue Bonds	RB	-	-	-	-	-	-	-
Revenue Financing System Bonds	RFS	-	-	-	-	-	-	-
Auxiliary Reserves	AUX	-	-	-	-	-	-	-
Grants	GRNT	-	-	-	-	-	-	-
Student Fees	SF	-	-	-	-	-	-	-
Housing Revenue	HR	-	-	-	-	-	-	-
Gift/Donations	GIFT	-	-	-	-	-	-	-
Annual Budget, Operating and Capital	Local/Cash	-	-	-	-	-	-	-
Total		0.52	12.02	25.20	18.26	-	-	56.00

Approved

Chancellor



Board Briefing

Committee: Finance & Facilities

Date Filed: June 24, 2016

Title: Twenty-Third Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto

Background:

The University of North Texas System has many current major projects and a significant number of new projects starting up. In order to facilitate the cash needs of new projects, the System will need to issue long-term debt from time to time to either prefund certain projects or to refund interim financing. In addition, as market conditions allow, outstanding long-term bonds may be refundable to achieve debt service savings in future years.

Adoption of the attached resolution will delegate authority to the Vice Chancellor for Finance to issue long-term debt within defined parameters, in one or more series, in order to achieve the desired goals stated above. Key parameters include maximum amount of debt (\$510 Million) and minimum level of net present value savings for refunding long-term debt (Three percent). Delegating the authority provides the Vice Chancellor for Finance the flexibility to move quickly if market circumstances dictate the necessity to do so.

Financial Analysis/History:

Depending on market conditions the System will issue bonds to refund a part or all of the following debt, and new money for approved Tuition Revenue Bond projects, during the fiscal year 2017.

Debt Type	Tax Exempt/Taxable	Amount (Millions)	Average Rate
Commercial Paper	Both	\$16.1 (could grow to \$100)	Variable
Series 2009A RFS Bonds	Tax Exempt	\$104.820	5.00%
Series 2009A RFS Bonds	Taxable	\$20.645	5.00%
Series 2009B RFS Bonds	Taxable	\$4.615	4.38%
Series 2010 RFS	Taxable	\$35.290	5.00%
Series 2015C RFS Bonds	Taxable	\$43.785	2.45%
Series 2015 RFS Bonds	Tax Exempt	\$5.760	1.95%
Series 2015 RFS Bonds	Taxable	\$6.705	1.95%

As stated above, this resolution delegates authority to issue the debt, in one or more series, only when defined parameters are met.

Janet Waldron
Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System,
ou=Vice Chancellor for Finance,
email=janet.waldron@untsystem.edu, c=US
Date: 2016.08.08 12:46:07 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer
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Texas System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 13:39:40 -05'00'

Vice Chancellor/General Counsel

Schedule:

Effective upon approval by the Board of Regents.

Recommendation:

It is recommended that the Board of Regents approve the attached Twenty-Third Supplemental Resolution.

Recommended By:

James Mauldin
Associate Vice Chancellor for Treasury

Lee Jackson
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Chancellor

Attachments Filed Electronically:

- Twenty-Third Supplemental Resolution



Board Order

Title: Twenty-Third Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in One or More Series; and Approving and Authorizing Instruments and Procedures Relating Thereto

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, the University of North Texas System wishes to proceed with selling bonds to provide the long term financing for projects approved by the Board of Regents of the UNT System, and

Whereas, the University of North Texas System wishes to proceed with selling bonds to refinance outstanding commercial paper notes into the long term fixed rate financing, and

Whereas, the University of North Texas System wishes to consider refinancing all or a portion of the outstanding Series 2009A, 2009B, 2010, 2015 and Series 2015C using proceeds from Bonds issued under the Revenue Financing System, and

Whereas, the resolution would authorize the Vice Chancellor for Finance for the University of North Texas System to negotiate (whether by competitive sales, by negotiated sales, or both) the sale of the Bonds for a period ending August 31, 2017 and in an amount not to exceed \$510,000,000, which amount includes (i) bond underwriter fees, (ii) capitalized interest, and (iii) other issuance costs, and

Whereas, the resolution would authorize the Vice Chancellor for Finance for the University of North Texas System to sell the Bonds in one or more series, to enable the UNT System to maximize its opportunities to sell the Bonds in the municipal public debt markets, and

Whereas, the resolution would authorize that the commercial paper plus interest payment and fees would be refunded by the issuance of the bonds and other proceeds,

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

1. The attached Twenty-Third Supplemental Resolution to the Master Resolution authorizing the issuance, sale, and delivery of Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series; and approving and authorizing instruments and procedures relating thereto
-

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents

TWENTY-THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

TWENTY-THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER
RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND
APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES
RELATING THERETO

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TWENTY-THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

WHEREAS, on February 12, 1999, the Board adopted the "*Amended and Restated Master Resolution Establishing the Revenue Financing System Under the Authority and Responsibility of the Board of Regents of the University of North Texas*" (referred to herein as the "Master Resolution"); and

WHEREAS, the Board heretofore has adopted a "**FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "First Supplement") and pursuant to the First Supplement issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1997**" in the aggregate principal amount of \$4,380,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**SECOND SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Second Supplement"); and

WHEREAS, the Second Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Second Supplement, and pursuant to the terms of the Second Supplement the Pricing Committee authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 1999**" in the aggregate principal amount of \$32,540,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**THIRD SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Third Supplement"); and

WHEREAS, the Third Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Third Supplement, and pursuant to the terms of the Third Supplement the Pricing Committee authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999-A**" in the aggregate principal amount of \$15,535,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**FOURTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fourth Supplement"); and

WHEREAS, the Fourth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Fourth Supplement, and pursuant to the terms of the Fourth Supplement the Pricing Committee authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2001**" in the aggregate principal amount of \$33,860,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**FIFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fifth Supplement"); and

WHEREAS, the Fifth Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Fifth Supplement, and pursuant to the terms of the Fifth Supplement the Pricing Committee authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002**" in the aggregate principal amount of \$63,470,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**SIXTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Sixth Supplement"); and

WHEREAS, the Sixth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Sixth Supplement, and pursuant to the terms of the Sixth Supplement the Vice Chancellor for Finance for the University System authorized the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF**

NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2002A" in the aggregate principal amount of \$9,500,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"SEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Seventh Supplement"); and

WHEREAS, the Seventh Supplement delegated to a designated Pricing Committee the authority to sell bonds under the terms of the Seventh Supplement, and pursuant to the terms of the Seventh Supplement the Pricing Committee authorized the sale, and the Board issued its **"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, SERIES 2003"** in the aggregate principal amount of \$31,180,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an **"EIGHTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Eighth Supplement"); and

WHEREAS, the Eighth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Eighth Supplement, and pursuant to the terms of the Eighth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its **"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2003A"** in the aggregate principal amount of \$6,185,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"NINTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Ninth Supplement"); and

WHEREAS, the Ninth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Ninth Supplement, and pursuant to the terms of the Ninth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its **"BOARD OF REGENTS OF THE UNIVERSITY OF**

NORTH TEXAS REVENUE FINANCING SYSTEM BONDS, TAXABLE SERIES 2003B in the aggregate principal amount of \$4,980,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an **"AMENDED AND RESTATED TENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Tenth Supplement") and pursuant to the Tenth Supplement to the Master Resolution has the authority to issue from time to time and at any one time outstanding up to \$100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted an **"ELEVENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Eleventh Supplement"); and

WHEREAS, the Eleventh Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Eleventh Supplement, and pursuant to the terms of the Eleventh Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its ***"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2005"*** in the aggregate principal amount of \$76,795,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"TWELFTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2006; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO"** (defined as the "Twelfth Supplement"); and

WHEREAS, the Twelfth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Twelfth Supplement, and pursuant to the terms of the Twelfth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its ***"BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2007"*** in the aggregate principal amount of \$56,050,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a **"THIRTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE,**

SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Thirteenth Supplement"); and

WHEREAS, the Thirteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Thirteenth Supplement, and pursuant to the terms of the Thirteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009**" in the aggregate principal amount of \$38,650,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Board heretofore has adopted a "**FOURTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Fourteenth Supplement"); and

WHEREAS, the Fourteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Fourteenth Supplement, and pursuant to the terms of the Fourteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2009A**" in the aggregate principal amount of \$159,310,000, its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2009B**" in the aggregate principal amount of \$15,800,000, and its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2010**" in the aggregate principal amount of \$57,625,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 18, 2011, the Board adopted a "**RESTATED FIFTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**", restating the resolution adopted by the Board on August 19, 2010, and which by its terms the authority to issue bonds expired on August 31, 2011 (defined as the "Fifteenth Supplement"); and

WHEREAS, the Fifteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Fifteenth Supplement, and pursuant to the terms of the Fifteenth Supplement the Vice Chancellor for Finance for the University System effected the sale, and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY**

OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, SERIES 2012A" in the aggregate principal amount of \$75,890,000, and its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2012B**" in the aggregate principal amount of \$4,820,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on August 28, 2015, the Board adopted a "**RESTATED SIXTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**", restating the resolution adopted by the Board on August 16, 2013, and which by its terms the authority to issue bonds expired on August 29, 2014 (defined as the "Sixteenth Supplement"); and

WHEREAS, the Sixteenth Supplement delegated to the Vice Chancellor for Finance for the University System the authority to sell bonds under the terms of the Sixteenth Supplement, and pursuant to the terms of the Sixteenth Supplement, the Vice Chancellor for Finance for the University System effected the sale of and the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 2015A**" in the aggregate principal amount of \$105,130,000, and its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, TAXABLE SERIES 2015B**" in the aggregate principal amount of \$73,035,000, as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on February 20, 2014, the Board adopted a "**SEVENTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM, SERIES B; AUTHORIZING THE ISSUANCE OF TAX-EXEMPT AND TAXABLE COMMERCIAL PAPER NOTES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Seventeenth Supplement") and pursuant to the Seventeenth Supplement to the Master Resolution has the authority to issue from time to time and at any one time outstanding up to \$100,000,000 in aggregate principal amount of its commercial paper notes as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, the Seventeenth Supplement has not been implemented, and the authority to sell commercial paper notes under the terms of the Seventeenth Supplement has expired; and

WHEREAS, on February 20, 2014, the Board adopted an "**EIGHTEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS, IN ONE OR MORE SERIES; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (the "Eighteenth Supplement"); and

WHEREAS, the Eighteenth Supplement has not been implemented, and the authority to sell bonds under the terms of the Eighteenth Supplement has expired; and

WHEREAS, on May 15, 2014, the Board adopted an "**NINETEENTH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM DIRECT PURCHASE BONDS, SERIES 2014; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (the "Nineteenth Supplement"); and

WHEREAS, pursuant to the terms of the Nineteenth Supplement, the Board sold its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM DIRECT PURCHASE BONDS, SERIES 2014**" in an aggregate principal of \$120,000,000; and

WHEREAS, on April 9, 2015, the Board adopted a "**TWENTIETH SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Twentieth Supplement"); and

WHEREAS, pursuant to the terms of the Twentieth Supplement, the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015**" in the aggregate principal amount of \$38,265,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on October 6, 2015, the Board adopted a "**TWENTY-FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015C; AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO**" (defined as the "Twenty-First Supplement"); and

WHEREAS, pursuant to the terms of the Twenty-First Supplement, the Board issued its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, SERIES 2015C**" in the aggregate principal amount of \$45,865,000 as Parity Obligations under the terms of the Master Resolution; and

WHEREAS, on May 20, 2016, the Board adopted a "**TWENTY-SECOND SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM**

REFUNDING BONDS, FORWARD DELIVERY SERIES 2018 AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO" (defined as the "Twenty-Second Supplement"); and

WHEREAS, pursuant to the terms of the Twenty-Second Supplement, the Board authorized the issuance of its "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM REFUNDING BONDS, FORWARD DELIVERY SERIES 2018**" in the aggregate principal amount of \$22,845,000 as Parity Obligations under the terms of the Master Resolution, with a scheduled delivery on March 14, 2018; and

WHEREAS, the Parity Obligations issued under the terms of the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, the Sixth Supplement, the Seventh Supplement, the Eighth Supplement, the Ninth Supplement, the Eleventh Supplement, the Twelfth Supplement and the Nineteenth Supplement are no longer outstanding, and there are no Prior Encumbered Obligations outstanding; and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

WHEREAS, the Master Resolution establishes that the Revenue Financing System is to be comprised of the University, UNT-Dallas and the Health Science Center, and pledges the Pledged Revenues to the payment of Parity Obligations to be outstanding under the Master Resolution; and

WHEREAS, the Board has determined to implement the Revenue Financing System in order to establish a system of financing improvements at the University, UNT-Dallas and the Health Science Center in a manner consistent with Chapter 55, Texas Education Code; and

WHEREAS, the Board deems it necessary to authorize the issuance of the bonds hereinafter authorized, pursuant to the terms and conditions of this resolution (this "Twenty-Third Supplement"), as Parity Obligations issued pursuant to the Master Resolution, for the purposes hereinafter described; and

WHEREAS, the bonds authorized to be issued by this Twenty-Third Supplement (the "Bonds") are to be issued and delivered under authority of applicable provisions of Chapter 55, Texas Education Code, including specifically, but not by way of limitation, Sections 55.13, 55.1755 and 55.1785, Texas Education Code, and Chapters 1207 and 1371, Texas Government Code.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM THAT:

Section 1. **DEFINITIONS.** In addition to the definitions set forth in the preamble of this Twenty-Third Supplement, the terms used in this Twenty-Third Supplement (except in the FORM OF BONDS) and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to this Twenty-Third Supplement attached hereto and made a part hereof.

Section 2. **AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS.** (a) *Amount and Designation of Bonds.* The "**BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM REVENUE FINANCING SYSTEM BONDS**", are hereby authorized to be issued and delivered, in one or more series, in an aggregate principal amount not to exceed \$510,000,000 **FOR THE PURPOSE OF (i) ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, RENOVATING, ENLARGING OR EQUIPPING PROPERTY, BUILDINGS, STRUCTURES, FACILITIES, ROADS, OR RELATED INFRASTRUCTURE FOR PARTICIPANTS IN THE REVENUE FINANCING SYSTEM, (ii) FUNDING, TO THE EXTENT PERMITTED BY APPLICABLE LAW, CAPITALIZED INTEREST ON THE BONDS, (iii) REFUNDING THE REFUNDABLE BONDS, (iv) REFUNDING ANY OUTSTANDING COMMERCIAL PAPER NOTES, AND (v) PAYING THE COSTS OF ISSUANCE RELATED TO THE SALE OF THE BONDS.**

(b) *New Money Authorization.* The Bonds authorized for the purposes described in clauses (i) and (ii) of subsection (a) of this Section are being issued by the Board under authority of Chapter 55, Texas Education Code, particularly Sections 55.13, 55.1755 and 55.1785 thereof, and Chapter 1371, Texas Government Code. The aggregate principal amount of the Bonds hereby authorized by the Board that may be issued, in one or more series, for the purposes described in clauses (i) and (ii) of subsection (a) of this Section may not exceed \$300,000,000. The Vice Chancellor for Finance for the University System shall execute a certificate providing such documentation as may be required by the Public Finance Division of the Office of the Attorney General to (i) describe the specific projects for which the Bonds are being issued, and which specific projects are being financed with the proceeds of the Bonds issued under authority of Section 55.1755 and 55.1785, Texas Education Code, and (ii) evidence the approval, if any, required to be obtained from the Texas Higher Education Coordinating Board for the projects to be financed with the proceeds of the Bonds.

(c) *Refunded Bonds.* The Bonds hereby authorized to be issued, in one or more series, by the Board for the purposes described in clause (iii) of subsection (a) of this Section are being issued under authority of Chapter 1207, Texas Government Code, to refund the Refunded Bonds, which constitutes a public purpose. The refunding of the Refunded Bonds shall be accomplished in a manner that will result in (i) for Refunded Bonds retired, through either scheduled maturity or prior redemption, within ninety (90) days of the delivery of Bonds issued to refund such Refunded Bonds, a positive gross savings being achieved, or (ii) for Refunded Bonds retired, through either scheduled maturity or prior redemption, greater than ninety (90) days of the delivery of Bonds issued to refund such Refunded Bonds, a target net present value savings for the transaction of at least three percent (3.00%) and a positive gross savings being achieved.

(d) *Refunded Commercial Paper Notes.* The Bonds hereby authorized to be issued by the Board for the purposes described in clause (iv) of subsection (a) of this Section are being issued under authority of Chapters 1207 and 1371, Texas Government Code, to refund the Refunded Commercial Paper Notes. The Refunded Commercial Paper Notes are being refunded to convert interim financing into long-term fixed rate financing, as contemplated by the Board in the operation of the interim financing program as provided for in the Tenth Supplement. Therefore, the manner in which the refunding of the Refunded Commercial Paper Notes is being undertaken by the Board does not make it practicable to make the determinations required by subsection (a) of Section 1207.008,

Texas Government Code. The Refunded Commercial Paper Notes shall be those outstanding Commercial Paper Notes, not to exceed \$100,000,000 in principal amount, designated by the Vice Chancellor for Finance for the University System be refunded and retired with a portion of the proceeds of the Bonds. The principal amount of the Refunded Commercial Paper Notes shall be specifically identified in a certificate executed by the Vice Chancellor for Finance for the University System and delivered to (i) the Attorney General of Texas in connection with the submission of proceedings pertaining to approval of Bonds thereby and (ii) the Board.

Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS. (a) *Terms of Bonds.* Initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, in one or more series, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), in the denomination of \$5,000 or any integral multiple thereof (an "Authorized Denomination"), maturing not later than April 15, 2056, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as shall be determined and established in accordance with this Twenty-Third Supplement.

(b) *Sale of Bonds.* (i) *Method of Sale.* As authorized by Chapters 1207 and 1371, Texas Government Code, the Vice Chancellor for Finance for the University System is hereby authorized to determine the method of sale for all or any portion of the Bonds authorized to be sold by this Twenty-Third Supplement, whether by competitive sale or by negotiated sale conducted either through a public underwriting of the Bonds, a private placement of the Bonds, or both. The determination of the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, relating to the method of and the terms and conditions relating to the sale of Bonds pursuant to this Twenty-Third Supplement shall have the same force and effect as if such determination were made by the Board. In effecting the sale of the Bonds authorized to be sold by this Twenty-Third Supplement, the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, may determine any additional or different designation or title by which any series of Bonds shall be known, the aggregate principal amount of Bonds, if any, to be issued to fund the projects to be described by the certificate executed by the Vice Chancellor for Finance for the University System in accordance with Section 2(b) hereof, the aggregate principal amount of Bonds, if any, to be issued to refund the Refunded Bonds as described in Section 2(c) hereof, the aggregate principal amount of Bonds, if any, to be issued to refund Commercial Paper Notes as described in Section 2(d) hereof, the aggregate principal amount of the Bonds, if any, to be issued as obligations, the interest on which is excluded from gross income for purposes of section 103 of the Code, and the aggregate principal amount of the Bonds, if any, issued as obligations that are not intended to be issued as obligations, the interest on which is excluded from gross income for purposes of section 103 of the Code. The sale of the Bonds, including specifically the terms of the purchase price of the Bonds, shall be subject to the limitations set forth in Sections 2(b) and 2(d) hereof, as applicable, and the provisions in subsection (e) of this Section. Prior to the delivery of any Bonds authorized to be sold by this Twenty-Third Supplement, the Vice Chancellor for Finance for the University System shall execute a certificate addressing the matters described in this subsection with respect to the Bonds sold under authority granted by this Twenty-Third Supplement.

(ii) *Competitive Sale.* The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to seek competitive bids for the sale of all or any portion of the Bonds authorized to be sold by this Twenty-Third Supplement, and is hereby authorized to prepare and distribute the Bidding Instructions and the Official Bid Form with respect to seeking competitive bids for the sale of the Bonds. The Bidding Instructions shall contain the terms and conditions relating to the sale of such Bonds, including the date bids for the purchase of Bonds are to be received, the date of the Bonds, any additional designation or title by which the Bonds shall be known, the aggregate principal amount of the Bonds to be sold, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale and delivery of the Bonds so sold including, without limitation, the use of municipal bond insurance for the Bonds. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to receive and accept bids for the sale of Bonds in accordance with the Bidding Instructions on such date as determined thereby. The Bonds so sold shall be sold at such price as the Vice Chancellor for Finance for the University System shall determine to be the most advantageous to the Issuer, which determination shall be evidenced by the execution thereby of the Official Bid Form submitted by the best and winning bidder. One Bond in the principal amount maturing on each maturity date as set forth in the Official Bid Form shall be delivered to the initial purchasers thereof, and such purchasers shall have the right to exchange such bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name as set forth in the Official Bid Form. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(iii) *Negotiated Sale - Underwriting.* The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to sell all or any portion of the Bonds authorized to be sold by this Twenty-Third Supplement by a negotiated sale conducted as a public underwriting, and should the Vice Chancellor for Finance for the University System determine to sell Bonds by negotiated sale conducted as a public underwriting, the Vice Chancellor for Finance for the University System may designate the senior managing underwriter for the Bonds so sold by a negotiated sale pursuant to this Section 3(b)(iii), and such additional investment banking firms as she deems appropriate to assure that the Bonds are sold on the most advantageous terms to the University. Should Bonds be sold through a negotiated sale conducted as a public underwriting, the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is authorized to enter into and carry out a Bond Purchase Agreement with the Underwriters for the Bonds, at such price, with and subject to such terms as determined by the Vice Chancellor for Finance for the University System, subject to the provisions of this Twenty-Third Supplement. One Bond in the principal amount maturing on each maturity date as set forth in the Bond Purchase Agreement shall be delivered to the Underwriters, and the Underwriters shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name designated by the Underwriters as set forth in a Bond Purchase Agreement. In

case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bond Purchase Agreement shall be substantially in the form and substance previously approved by the Board in connection with the authorization of Parity Debt, as shall be acceptable to the Vice Chancellor for Finance for the University System, including, without limitation, to contain such terms and conditions as may be provided in accordance with subsection (d) of this Section.

(iv) *Negotiated Sale – Private Placement.* The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is hereby authorized to sell all or any portion of the Bonds authorized to be sold by this Twenty-Third Supplement by a negotiated sale conducted as a private placement, and should the Vice Chancellor for Finance for the University System determine to sell Bonds by negotiated sale conducted as a private placement, the Vice Chancellor for Finance for the University System may negotiate the sale of Bonds pursuant to this Section 3(b)(iv) with a bank or other financial institutions as she deems appropriate to assure that the Bonds are sold on the most advantageous terms to the University. Should Bonds be sold through a negotiated sale conducted as a private placement, the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is authorized to enter into and carry out a Bond Purchase Agreement with the Purchaser of the Bonds, at such price, with and subject to such terms as determined by the Vice Chancellor for Finance for the University System, subject to the provisions of this Twenty-Third Supplement. One Bond in the principal amount maturing on each maturity date as set forth in the Bond Purchase Agreement shall be delivered to the Purchaser, and the Purchaser shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The Bonds shall initially be registered in the name designated by the Purchaser as set forth in a Bond Purchase Agreement. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Bond Purchase Agreement shall be substantially in the form and substance previously approved by the Board in connection with the authorization of Parity Debt, as shall be acceptable to the Vice Chancellor for Finance for the University System, including, without limitation, to contain such terms and conditions as may be provided in accordance with subsection (d) of this Section.

(c) *In General.* The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and (vi) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BONDS, as revised to conform the Bonds to the terms of the Bond Purchase Agreement, in the case of a negotiated sale, or the Bidding Instructions and Official Bid Form, in the case of a competitive sale. The Bonds of any series shall be numbered consecutively from R-1 upward.

(d) *Bond Purchase Agreement.* Should Bonds be sold by a negotiated sale, the Vice Chancellor for Finance for the University System is hereby authorized, appointed, and designated to act on behalf of the Board in the selling and delivering the Bonds and carrying out the other

procedures specified in this Twenty-Third Supplement, including determining and fixing the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the aggregate principal amount of the Bonds to be sold, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds, including, without limitation, the use of municipal bond insurance for the Bonds, all of which shall be specified in the Bond Purchase Agreement. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, is authorized to enter into with the Underwriters and carry out the conditions specified in a Bond Purchase Agreement for the Bonds, at such price and subject to such terms as are set forth therein.

(e) **Parameters to Sale of Bonds.** The foregoing provisions of this Section notwithstanding, the purchase price to be paid for the Bonds sold pursuant to this Twenty-Third Supplement shall not be less than 95% of the aggregate principal amount thereof, and the Bonds shall not bear a "net effective interest rate" (as defined in and calculated in accordance with the provisions of Chapter 1204, Texas Government Code) of greater than 10%. The Bonds shall not be delivered unless prior to the execution by the Vice Chancellor for Finance for the University System of the Bond Purchase Agreement or the Official Bid Form, as the case may be, the approval of the issuance of the Bonds by the Texas Bond Review Board has been received in the manner prescribed by law. In addition, if Bonds are sold for the purposes set forth in Section 2(b) of this Twenty-Third Supplement, prior to their sale, such Bonds shall have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, to the extent required by law. The authority hereby granted by the Board to the Vice Chancellor for Finance for the University System to effect the sale of all or any portion of the Bonds authorized to be sold by this Twenty-Third Supplement expires at 5:00 p.m., Thursday, August 31, 2017.

Section 4. **INTEREST.** The Bonds shall bear interest from the dates specified in the FORM OF BONDS and in the Bond Purchase Agreement or the Official Bid Form, as the case may be, to their respective dates of maturity, at the rates, and shall be calculated on the basis and in the manner, set forth in the executed Bond Purchase Agreement, in the case of a negotiated sale, or in the Official Bid Form submitted by the highest and best bidder and accepted by the Vice Chancellor for Finance for the University System, in the case of a competitive sale.

Section 5. **REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION; BOOK-ENTRY ONLY SYSTEM.** (a) **Paying Agent/Registrar.** A Board Representative is hereby authorized to appoint the Paying Agent/Registrar for each series of the Bonds sold pursuant to the terms of this Twenty-Third Supplement. The Vice Chancellor for Finance for the University System is authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the standard form previously approved by the Board.

(b) **Registration Books.** The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar so designated in the Paying Agent/Registrar Agreement (the "Designated Trust Office") books or records for the registration of the transfer, exchange, and replacement of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(c) **Ownership of Bonds.** The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Twenty-Third Supplement, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) **Payment of Bonds and Interest.** The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Twenty-Third Supplement. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds.

(e) **Authentication.** The Bonds initially issued and delivered pursuant to this Twenty-Third Supplement shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate, in the form set forth in the FORM OF BONDS (the "Authentication Certificate") unless they have been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Twenty-Third Supplement the Paying Agent/Registrar shall execute the Authentication Certificate.

(f) **Transfer, Exchange, or Replacement.** Each Bond issued and delivered pursuant to this Twenty-Third Supplement, to the extent of the unpaid or unredeemed principal amount thereof, may, at the option of the registered owner or such assignee or assignees, as appropriate, upon surrender of

such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, be exchanged for fully registered bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BONDS, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same series and have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the registered owner, and in the aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Twenty-Third Supplement shall constitute one of the Bonds for all purposes of this Twenty-Third Supplement, and may again be exchanged or replaced. The Authentication Certificate shall be printed on each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Twenty-Third Supplement. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Issuer or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by the Vice Chancellor for Finance for the University System. Pursuant to Chapter 1206, Texas Government Code, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Twenty-Third Supplement. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record

Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be cancelled and the written request as described above.

(g) ***Substitute Paying Agent/Registrar.*** The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Twenty-Third Supplement, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Twenty-Third Supplement. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Twenty-Third Supplement, and a certified copy of this Twenty-Third Supplement shall be delivered to each Paying Agent/Registrar.

(h) ***Book-Entry Only System.*** The Bonds sold to the Purchaser in a private placement may be subject to being held in a book-entry only system to the extent so provided in the applicable Bond Purchase Agreement.

The Bonds issued in exchange for the Bonds initially issued and delivered to the initial purchasers thereof in a competitive sale or to the Underwriters in a negotiated sale conducted as a public underwriting shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC, and except as provided in subsection (i) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without

limiting the immediately preceding sentence, the Board and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Twenty-Third Supplement to the contrary but to the extent permitted by law, the Board and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Twenty-Third Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Board's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Board to make payments of principal, premium, if any, and interest pursuant to this Twenty-Third Supplement. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Twenty-Third Supplement with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Twenty-Third Supplement shall refer to such new nominee of DTC.

(i) ***Successor Securities Depository; Transfers outside Book-Entry Only System.*** In the event that the Board or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter (as referred to in Section 23 of this Twenty-Third Supplement) of the Board to DTC or DTC determines to discontinue providing its services with respect to the Bonds, the Board shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Twenty-Third Supplement.

(j) ***Payments to Cede & Co.*** Notwithstanding any other provision of this Twenty-Third Supplement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all

notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Board to DTC.

(k) *Notice of Redemption.* In addition to the method of providing a notice of redemption set forth in the FORM OF BONDS, the Paying Agent/Registrar shall give notice of redemption of Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

Each notice of redemption, whether required in the FORM OF BONDS or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts called of each maturity of the Bonds, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such optional redemption required by this Twenty-Third Supplement have been met and money sufficient to pay the principal of, premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to giving such notice, such notice may state that the optional redemption will, at the option of the Board, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the dated fixed for such redemption or upon any prerequisite set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied, such notice will be of no force and effect, the Board will not redeem such Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds will not be redeemed.

Section 6. **FORM OF BONDS.** The form of the Bonds, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, with respect to the Bonds initially issued and delivered to the initial purchasers thereof pursuant to this Twenty-Third Supplement, shall be, respectively, substantially as set forth in Exhibit B, with such appropriate variations, omissions, or insertions as are permitted or required by this Twenty-Third Supplement or the Official Bid Form, in the case of a competitive sale, or a Bond Purchase Agreement, in the case of a negotiated sale.

Section 7. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY OBLIGATIONS. By adoption of the Master Resolution the Board has established the Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the University, UNT-Dallas and the Health Science Center. The Master Resolution is intended to establish a master plan under which revenue supported debt of the Financing System can be incurred. This Twenty-Third Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds. The Master Resolution is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the Bonds are hereby declared to be Parity Obligations under the Master Resolution. As required by Section 5(a) of the Master Resolution, the Board hereby determines, in connection with the issuance of the Bonds, that (i) it will have sufficient funds to meet the financial obligations of each Participant in the Financing System (currently the University, UNT-Dallas and the Health Sciences Center), including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the Board relating to the Financing System and (ii) the University, UNT-Dallas and the Health Sciences Center each possess the financial capability to satisfy its respective Direct Obligation (as defined in the Master Resolution) after taking into account the debt service on the Bonds.

Section 8. SECURITY. The Bonds are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Master Resolution and this Twenty-Third Supplement. The Pledged Revenues are hereby pledged, subject to the liens securing the Prior Encumbered Obligations, to the payment of the principal of, premium, if any, and interest on the Bonds as the same shall become due and payable. The Board agrees to pay the principal of, premium, if any, and the interest on the Bonds when due, whether by reason of maturity or redemption. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Board under this Section 8, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Board under this Section 8 is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 9. PAYMENTS. On or before each principal or interest payment date while any Bond is outstanding and unpaid, commencing on the first interest payment date for the Bonds as provided therein, the Board shall make available to the Paying Agent/Registrar money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Board with an appropriate certificate of cancellation.

Section 10. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.**

(a) ***Replacement Bonds.*** In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered a new Bond of the same series, principal amount, maturity, and interest rate, and in the same form, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) ***Application for Replacement Bonds.*** Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement Bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) ***Payment in Lieu of Replacement.*** Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) ***Charge for Issuing Replacement Bonds.*** Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Twenty-Third Supplement equally and proportionately with any and all other Bonds duly issued under this Twenty-Third Supplement.

(e) ***Authority for Issuing Replacement Bonds.*** In accordance with Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement Bond without the necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(f) of this Twenty-Third Supplement for Bonds issued in exchange and replacement for other Bonds.

Section 11. **AMENDMENT OF SUPPLEMENT.** (a) ***Amendments without Consent.*** This Twenty-Third Supplement and the rights and obligations of the Board and of the owners of the Bonds may be modified or amended at any time without notice to or the consent of any owner of the Bonds or any other Parity Obligations, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Twenty-Third Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Twenty-Third Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Twenty-Third Supplement, upon receipt by the Board of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Twenty-Third Supplement;

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate Parity Obligations, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Parity Obligations;

(v) To make such changes, modifications or amendments as are permitted by Section 19(c)(vi) of this Twenty-Third Supplement;

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Outstanding Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of Credit Agreements with respect to the Parity Obligations; or

(vii) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of Outstanding Parity Obligations.

Notice of any such amendment may be published by the Board in the manner described in subsection (c) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory resolution and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory resolution.

(b) ***Amendments with Consent.*** Subject to the other provisions of this Twenty-Third Supplement, the owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in subsection (a) of this Section, to this Twenty-Third Supplement which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Twenty-Third Supplement or in the Bonds so as to:

- (1) Make any change in the maturity of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by Outstanding Bonds;
- (3) Reduce the amount of the principal payable on Outstanding Bonds;
- (4) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all Bonds then Outstanding; or
- (6) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(c) **Notice.** If at any time the Board shall desire to amend this Twenty-Third Supplement other than pursuant to subsection (a) of this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all owners of Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each owner of Bonds.

(d) **Receipt of Consents.** Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least a majority in Outstanding Principal Amount of Bonds, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by the Board of any resolution to amend this Twenty-Third Supplement pursuant to the provisions of this Section, this Twenty-Third Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the Master Resolution and this Twenty-Third Supplement, as amended.

(f) **Consent Irrevocable.** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar

and the Board, but such revocation shall not be effective if the owners of a majority in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the registration books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 12. **TAX-EXEMPTION.** The Vice Chancellor for Finance of the University System, acting for and on behalf of the Board, shall designate those Bonds authorized to be sold pursuant to the terms of this Twenty-Third Supplement that the Issuer does intend to issue the Bonds in a manner such that the Bonds would constitute obligations described in section 103 of the Code.

(a) **General Covenants.** With respect to such Bonds so designated by the Vice Chancellor for Finance of the University System, the Issuer covenants to refrain from any action which would adversely affect, or to take any action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of such Bonds or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Twenty-Third Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on such Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of such Bonds or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of such Bonds (less amounts deposited into a reserve fund, if any), is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in such Bonds being treated as "private activity bonds" within the meaning of section 141(a) of the Code;

(e) to refrain from taking any action that would result in such Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of such Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of such Bonds, other than investment property acquired with B

(1) proceeds of such Bonds invested for a reasonable temporary period until such proceeds are needed for the purpose for which such Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of such Bonds;

(g) to otherwise restrict the use of the proceeds of such Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that such Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of such Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after such Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of such Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to such Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on such Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to such Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on such Bonds under section 103 of the Code. In furtherance of the foregoing, the Chair of the Board, the Chancellor of the University, and the Board Representative each may execute any certificates or other reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance

of such Bonds. In order to facilitate compliance with the above clause (h), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of such Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(b) ***Allocation of, and Limitation on, Expenditures for the Project.*** The Board covenants to account for on its books and records the expenditure of proceeds from the sale of any Bonds, the interest on which is to be excluded from gross income under the Code, and any investment earnings thereon to be used for the financing of any of the improvements described and so designated in the certificate delivered in accordance with Section 2(b) hereof (referred to herein and subsection (c) of this Section as a "Project") by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed. The foregoing notwithstanding, the Board shall not expend such proceeds or investment earnings more than 60 days after the earlier of (a) the fifth anniversary of the date of delivery of such Bonds or (b) the date such Bonds are retired, unless the Board obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of such Bonds. For purposes of this subsection (b), the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(c) ***Disposition of Project.*** The Board covenants that none of the property constituting a Project financed or refinanced with the proceeds of any Bonds, the interest on which is to be excluded from gross income under the Code, or the Nineteenth Series Bonds or the Refunded Bonds, as the case may be, will be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of such Bonds. For purposes of this subsection (c), the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this subsection (c), the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(d) ***Written Procedures.*** Written procedures have been established by the Vice Chancellor for Finance for the University System regarding private business use, remedial action, arbitrage and rebate and the application of the covenants set forth in this Section, and the written procedures shall apply to the Bonds issued as obligations described in section 103 of the Code.

Section 13. **TAXABLE BONDS.** The Vice Chancellor for Finance of the University System, acting for and on behalf of the Board, shall designate those Bonds authorized to be sold pursuant to the terms of this Twenty-Third Supplement that the Issuer does not intend to issue the Bonds in a manner such that the Bonds would constitute obligations described in section 103 of the Code and all

applicable temporary, proposed and final regulations and procedures promulgated thereunder or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

Section 14. **TWENTY-THIRD SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Twenty-Third Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Bonds and the pledge made in this Twenty-Third Supplement by the Board and the covenants and agreements set forth in this Twenty-Third Supplement to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Twenty-Third Supplement.

Section 15. **SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

Section 16. **PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Except as provided to the contrary in the FORM OF BONDS, whenever under the terms of this Twenty-Third Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 17. **LIMITATION OF BENEFITS WITH RESPECT TO THE TWENTY-THIRD SUPPLEMENT.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Twenty-Third Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Twenty-Third Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Twenty-Third Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Holders, and the Paying Agent/Registrar as herein and therein provided.

Section 18. **CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE AND INSURANCE.** The Vice Chancellor for Finance for the University System is hereby authorized to have control of the Bonds issued hereunder and all

necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State of Texas. The Vice Chancellor for Finance for the University System is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds, in which case the Vice Chancellor for Finance for the University System also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The Vice Chancellor for Finance for the University System is hereby authorized, in connection with the submission to the Attorney General of the State of Texas of a transcript of proceedings for the approval of any series of the Bonds, to pay the fee for the examination of the transcript of proceedings in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Twenty-Third Supplement is hereby adopted and made a part of this Twenty-Third Supplement for all purposes. The Vice Chancellor for Finance for the University System is hereby authorized to purchase a municipal bond insurance policy from a municipal bond insurance provider that has an underlying rating of "AA" (or its equivalent) or better at the time Bonds are sold (the "Bond Insurer") as additional security for the Bonds. The printing of a legend describing the municipal bond insurance policy issued by the Bond Insurer is hereby authorized. The payment of the premium to the Bond Insurer in consideration for the issuance of said policy, should one be so obtained, is hereby approved. Any insurance commitment issued by the Bond Insurer shall be made a part hereof for all purposes. In addition, it is agreed that should such policy be obtained, the Board will comply with the conditions applicable to the Bonds, as set forth in any insurance commitment issued by the Bond Insurer, as if such conditions were incorporated in this Twenty-Third Supplement, and will pay to the Paying Agent/Registrar for the Bonds so insured the debt service due on the Bonds so insured by the Bond Insurer not later than one Business Day prior to each principal or interest payment date of the Bonds. In the event such policy is obtained, the Vice Chancellor for Finance of the University System is hereby authorized to execute any agreements with the Bond Insurer in connection with the issuance of the municipal bond insurance policy. In the event such policy is obtained, the Vice Chancellor for Finance of the University System is hereby instructed to provide notice to the Bond Insurer in the event such payment is not made to the Paying Agent/Registrar on or before the Business Day before the scheduled principal or interest payment date; failure to make such payment to the Paying Agent/Registrar on or before the Business Day before the scheduled principal or interest payment date shall not constitute a default under the terms of this Twenty-Third Supplement.

Section 19. **COMPLIANCE WITH RULE 15c2-12.** (a) *Annual Reports.* (i) The Board shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2016, financial information and operating data with respect to the Board of the general type provided in accordance with the terms of the Sixteenth Supplement. Promptly after filing such information with the MSRB, a copy of the information filed with the MSRB also shall be provided to a Purchaser in a format acceptable to the Purchaser, with respect to Bonds sold as a private

placement. If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

(ii) If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in such format as prescribed by the MSRB.

(b) ***Disclosure Event Notices.*** The Board shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of any of the following events, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Board;
13. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the University System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor Paying Agent/Registrar or change in name of the Paying Agent/Registrar, if material.

The Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by subsection (a) of this Section. As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the University System in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the University System, or if jurisdiction has been assumed by leaving the Board and officials or officers of the University System in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University System.

(c) ***Limitations, Disclaimers, and Amendments.*** (i) The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with this Twenty-Third Supplement or applicable law that causes the Bonds no longer to be Outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Board in observing or performing its obligations under this Section shall comprise a breach of or default under this Twenty-Third Supplement for purposes of any other provision of this Twenty-Third Supplement. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings or provide notices to entities other than the MSRB, the Issuer agrees to undertake such obligation in accordance with the Rule, as amended.

(vi) The provisions of this Section may be amended by the Board from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Twenty-Third Supplement that authorizes such an amendment) of the Bonds then outstanding consent to such amendment or (b) a person that is unaffiliated with the Board (such as nationally-recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. If the Board so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 20. **FURTHER PROCEDURES; OFFICIAL STATEMENT.** Each Board Representative, and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Twenty-Third Supplement, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith, including, without limitation, any continuing disclosure undertaking agreement reasonably requested by the purchasers of the Bonds through a competitive sale or a negotiated sale conducted as a public underwriting, and to approve any Official Statement, or supplements thereto, in connection with the Bonds. The final Official Statement relating to the offering of any series of Bonds shall be approved by the Vice Chancellor for Finance for the University System. The Vice Chancellor for Finance for the University System is authorized to approve any supplement to the Official Statement incorporating the information contained in the Bond Purchase Agreement, in the

case of a negotiated sale conducted as a public underwriting, and the Bidding Instructions and Official Bid Form, in the case of a competitive sale, and such additional information as deemed material consistent with the requirements of the Rule and to authorize the distribution of such final Official Statement to the initial purchasers of the Bonds for their use in the sale of the Bonds to members of the general public. The use of such final Official Statement in the offer and sale of the Bonds is hereby approved. In case any officer whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 21. **REFUNDING.** (a) ***Refunded Bonds.*** The principal amount of Bonds, if any, issued to refund all or any portion of the Refundable Bonds, and the Refunded Bonds to be refunded, shall be specifically identified in the certificate described in Section 3(b)(i) hereof. The Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, may elect not to refund any or all of the Refundable Bonds, but in no event shall the Bonds be issued for the purpose of refunding Refunded Bonds if the refunding of the aggregate principal amount of the obligations selected for refunding does not result in the minimum amount of savings established in Section 2(c) hereof being achieved. Should Bonds be sold for the purpose of refunding the Refunded Bonds, on or before the date of delivery of the Bonds the Vice Chancellor for Finance for the University System shall execute and deliver to the Board a certificate stating that minimum amount of net present value savings and gross savings resulting from the refunding of the Refunded Bonds herein established has been exceeded. The determination of the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, relating to the issuance and sale of Bonds to refund Refunded Bonds in such principal amount as provided in the certificate to be executed by the Vice Chancellor for Finance of the University System as described in Section 3(b)(i) hereof shall have the same force and effect as if such determination were made by the Board. The Vice Chancellor for Finance for the University System is hereby directed to effect the prior redemption of any of the Refundable Bonds, and the redemption date or dates for the Refunded Bonds shall be set forth in the certificate to be executed by the Vice Chancellor for Finance of the University System as described in Section 3(b)(i) hereof.

(b) ***Refunded Commercial Paper Notes.*** The principal amount of Bonds, if any, issued to refund Refunded Commercial Paper Notes shall be specifically identified in the certificate to be executed by the Vice Chancellor for Finance for the University System in accordance with the provisions of Section 2(d) of this Twenty-Third Supplement. Concurrently with the delivery of such Bonds, proceeds in the amount of the principal amount of the Refunded Commercial Paper Notes that are to be refunded, if any, and interest thereon, if any, with a portion of the proceeds from the sale of the Bonds shall be deposited to the credit of the "Note Payment Fund", established in accordance with the provisions of the Tenth Supplement, to refund those Refunded Commercial Paper Notes designated by the Vice Chancellor for Finance for the University System to be refunded and retired with a portion of the proceeds of the Bonds. The determination of the Vice Chancellor for Finance for the University System, acting for and on behalf of the Board, relating to the issuance and sale of Bonds to refund Refunded Commercial Paper Notes shall have the same force and effect as if such determination were made by the Board.

Section 22. **ESCROW AGREEMENT.** The Board shall cause to be deposited with the Escrow Agent, from the proceeds received from the sale of the Bonds sold for such purpose and other available moneys of the Board, an amount sufficient to provide for the refunding of the Refunded Bonds in accordance with Chapter 1207, Texas Government Code, to the extent Bonds are sold for such purpose. The Vice Chancellor for Finance for the University System is hereby authorized, for and on behalf of the Board, to execute and deliver the Escrow Agreement to accomplish the establishing of firm banking arrangements in connection with the refunding of the Refunded Bonds, in the standard form previously approved by the Board, with such changes as the Vice Chancellor for Finance for the University System deems necessary to effect the sale of the Bonds issued for such purpose, and to take such other actions on behalf of the Board to effect the sale of the Bonds issued for such purpose, including, without limitation, causing the redemption of the Refunded Bonds in accordance with the terms of the Supplement authorizing their issuance.

Section 23. **DTC LETTER OF REPRESENTATION.** The previous execution and delivery of the DTC Blanket Letter of Representations with respect to obligations of the Board is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

Section 24. **REPEAL OF CONFLICTING RESOLUTIONS.** All resolutions and all parts of any resolutions (other than the Master Resolution which are in conflict or inconsistent with this Twenty-Third Supplement, are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 25. **RULES OF CONSTRUCTION.** For all purposes of this Twenty-Third Supplement, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Twenty-Third Supplement. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Twenty-Third Supplement as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Twenty-Third Supplement to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Twenty-Third Supplement is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Twenty-Third Supplement shall be deemed to include the payment of mandatory sinking fund redemption payments. Any reference to "FORM OF BONDS" shall refer to the form of the Bonds set forth in Exhibit B to this Twenty-Third Supplement. References to the Vice Chancellor for Finance for the University System shall mean the person holding that position at the time Bonds are sold, whether acting, interim, or permanent.

Section 26. **PUBLIC NOTICE.** It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the meeting at which this Twenty-Third Supplement was adopted; that this Twenty-Third Supplement would be introduced and considered for adoption at said meeting;

and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

Schedule I

SCHEDULE I

Refundable Bonds

All outstanding maturities of the following series of bonds are eligible to be refunded:

Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009A

Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009B

Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2010

Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2015

Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2015C

The Refundable Bonds may be refunded with the proceeds of tax-exempt bonds, taxable bonds, or a combination of tax-exempt bonds and taxable bonds, as determined by the Vice Chancellor for Finance for the University System, subject to the minimum savings requirement set forth in Section 2(c) of this Twenty-Third Supplemental Resolution.

EXHIBIT A DEFINITIONS

As used in this Twenty-Third Supplement the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "*Acts*" shall mean, collectively, Chapter 55, Texas Education Code, and Chapters 1207 and 1371, Texas Government Code.

The term "*Authorized Denomination*" shall mean an Authorized Denomination as defined in Section 3(a) of the Twenty-Third Supplement.

The term "*Bidding Instructions*" shall mean the Notice of Sale and Bidding Instructions distributed to potential purchasers of Twenty-Third Series Bonds sold pursuant to a competitive sale.

The terms "*Board*" and "*Issuer*" shall mean the Board of Regents of the University System.

The term "*Board Representative*" shall mean the Vice Chancellor for Finance for the University System, the Associate Vice Chancellor for Treasury for the University System, or such other officials of the University or the Health Science Center appointed by the Board to carry out the functions of the Board specified herein.

The term "*Bond Purchase Agreement*" shall mean a bond purchase agreement (i) between the Board and the Underwriters, pertaining to the purchase of the Bonds by the Underwriters sold through a negotiated sale conducted as a public underwriting, and (ii) between the Board and the Purchaser, pertaining to the purchase of the Bonds by the Purchaser sold through a negotiated sale conducted as a private placement.

The term "*Bonds*" shall mean the Twenty-Third Series Bonds, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to the Twenty-Third Supplement; and the term "Bond" means any of the Bonds.

The term "*Business Day*" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term "*Code*" means the Internal Revenue Code of 1986, as amended.

The term "*Commercial Paper Notes*" shall mean the Board of Regents of The University of North Texas Revenue Financing System Commercial Paper Notes, Series A (consisting of two sub-series, a tax-exempt sub-series and a taxable sub-series), issued pursuant to the provisions of the Master Resolution and the Tenth Supplement.

The term "*Designated Trust Office*" shall have the meaning ascribed to said term in Section 5(b) of the Twenty-Third Supplement.

The term "*DTC*" shall mean The Depository Trust Company, New York, New York, or any successor securities depository.

The term "*DTC Participant*" shall mean securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

The term "*Escrow Agent*" shall mean the financial institution named in an Escrow Agreement, as determined by the Vice Chancellor for Finance for the University System.

The term "*Escrow Agreement*" shall mean the Escrow Agreement, one or more, between the Board and the Escrow Agent, executed in connection with the refunding of Refunded Bonds.

The term "*Fifteenth Series Bonds*" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2012A and the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Taxable Series 2012B, authorized by the Fifteenth Supplement.

The term "*Fifteenth Supplement*" shall mean the resolution adopted by the Board on August 18, 2011, authorizing the authorizing the Fifteenth Series Bonds.

The term "*Fourteenth Series Bonds*" shall mean, collectively, the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009A, the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2009B, and the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2010, authorized by the Fourteenth Supplement.

The term "*Fourteenth Supplement*" shall mean the resolution adopted by the Board of Regents on August 21, 2009, authorizing the Fourteenth Series Bonds.

The term "*Health Science Center*" shall mean the University of North Texas Health Science Center at Fort Worth.

The term "*MAC*" means the Municipal Advisory Council of Texas.

The term "*Master Resolution*" shall mean the "Amended and Restated Master Resolution Establishing the Revenue Financing System under the Authority and Responsibility of the Board of Regents of the University of North Texas", adopted by the Board on February 12, 1999.

The term "*Maturity*" shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption, declaration of acceleration, or otherwise.

The term "*MSRB*" shall mean the Municipal Securities Rulemaking Board.

The term "*Nineteenth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Direct Purchase Bonds, Series 2014, authorized by the Nineteenth Supplement.

The term "*Nineteenth Supplement*" shall mean the resolution adopted by the Board on May 15, 2014, authorizing the Nineteenth Series Bonds.

The term "*Official Bid Form*" shall mean the bid form prepared in accordance with the Bidding Instructions and submitted by potential purchasers of any Twenty-Third Series Bonds sold pursuant to a competitive sale.

The terms "*Paying Agent/Registrar*", "*Paying Agent*" or "*Registrar*" shall mean the agent appointed pursuant to Section 5 of the Twenty-Third Supplement, or any successor to such agent.

The term "*Paying Agent/Registrar Agreement*" shall mean the agreement between the Board and the Paying Agent/Registrar, with respect to the Bonds.

The term "*Purchaser*" shall mean the bank or other financial institution listed in a Bond Purchase Agreement executed in connection with a negotiated sale conducted as a private placement of Bonds.

The term "*Record Date*" shall mean, with respect to the Bonds, the last business day of each month preceding an interest payment date.

The term "*Refundable Bonds*" shall mean the outstanding bonds issued by the Board as shown in Schedule I attached to the Twenty-Third Supplement.

The term "*Refunded Bonds*" shall mean those Refundable Bonds selected by the Vice Chancellor for Finance for the University System to be refunded with the proceeds of Bonds authorized to be issued by the Twenty-Third Supplement, as more fully described in the certificate to be delivered by the Vice Chancellor for Finance for the University System in accordance with Section 3(b)(i) of the Twenty-Third Supplement.

The term "*Refunded Commercial Paper Notes*" shall mean those Commercial Paper Notes selected by the Vice Chancellor for Finance for the University System to be refunded with the proceeds of Bonds authorized to be issued by the Twenty-Third Supplement, as more fully described in the certificate to be delivered by the Vice Chancellor for Finance for the University System in accordance with Section 3(b)(i) of the Twenty-Third Supplement.

The term "*Registration Books*" shall mean the books or records relating to the registration, payment, and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of the Twenty-Third Supplement.

The term "*Regulations*" shall mean all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable under the Code.

The term "*Rule*" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "*SEC*" shall mean the United States Securities and Exchange Commission.

The term "*Sixteenth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, in one or more series, authorized by the Sixteenth Supplement.

The term "*Sixteenth Supplement*" shall mean this resolution authorizing the Bonds.

The term "*Stated Maturity*", shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption of the Bonds.

The term "*Tenth Supplement*" shall mean the resolution adopted by the Board on May 8, 2008, authorizing the Commercial Paper Notes.

The term "*Thirteenth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2009, authorized by the Thirteenth Supplement.

The term "*Thirteenth Supplement*" shall mean the resolution adopted by the Board on November 20, 2008, authorizing the Thirteenth Series Bonds.

The term "*Twelfth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Bonds, Series 2007, authorized by the Twelfth Supplement.

The term "*Twelfth Supplement*" shall mean the resolution adopted by the Board on September 7, 2006, authorizing the Twelfth Series Bonds.

The term "*Twentieth Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2015, authorized by the Twentieth Supplement.

The term "*Twentieth Supplement*" shall mean the resolution adopted by the Board on April 8, 2015, authorizing the Twentieth Series Bonds.

The term "*Twenty-First Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Series 2015C, authorized by the Twenty-First Supplement.

The term "*Twenty-First Supplement*" shall mean the resolution adopted by the Board on October 6, 2015, authorizing the Twenty-First Series Bonds.

The term "*Twenty-Second Series Bonds*" shall mean the Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Forward Delivery Series 2018, authorized by the Twenty-First Supplement.

The term "*Twenty-Second Supplement*" shall mean the resolution adopted by the Board on May 20, 2016, authorizing the Twenty-Second Series Bonds.

The term "*Twenty-Third Series Bonds*" shall mean the Bonds of any series authorized by this Twenty-Second Supplement.

The term "*Twenty-Third Supplement*" shall mean this resolution authorizing the Bonds.

The term "*Underwriters*" shall mean the investment banking firms listed in a Bond Purchase Agreement executed in connection with a negotiated sale conducted as a public underwriting of Bonds.

The term "*University*" shall mean the University of North Texas.

The term "*University System*" shall mean the University of North Texas System.

The term "*UNT-Dallas*" shall mean The University of North Texas at Dallas.

All terms not herein defined shall have the meanings given to such terms by the Master Resolution or as otherwise defined in the Twenty-Third Supplement.

EXHIBIT B
FORM OF BONDS

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM
REVENUE FINANCING SYSTEM BOND,
_____ SERIES 201__

NO. R-__			PRINCIPAL AMOUNT
			\$ _____
<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP</u>

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the BOARD OF REGENTS OF THE UNIVERSITY OF NORTH TEXAS SYSTEM (the "Issuer"), hereby promises to pay to the Registered Owner, specified above, or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount, specified above, and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Date of Delivery, specified above, to the Maturity Date, specified above, or the date of redemption prior to maturity, at the interest rate per annum, specified above; with interest being payable on _____ 15, 20__, and semiannually on each _____ 15 and _____ 15 thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges, solely from funds of the Issuer required by the resolution authorizing the issuance of the Bonds to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the designated corporate trust office in _____, _____ (the "Designated Trust Office") of _____, which is the "Paying

Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, that upon the written request of any owner of not less than \$1,000,000 in principal amount of Bonds provided to the Paying Agent/Registrar not later than the Record Date immediately preceding an interest payment date, interest due on such Bonds on such interest payment date shall be made by wire transfer to any designated account within the United States of America. In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner hereof. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the Designated Trust Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Issuer and the securities depository.

THIS BOND is one of a Series of Bonds, dated as of _____, 201_, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$_____, issued pursuant to a Twenty-Third Supplemental Resolution to the Master Resolution adopted August 26, 2016, and pursuant to the Master Resolution referred therein (collectively, the "Bond Resolution"), FOR THE PURPOSE OF (i) ACQUIRING, PURCHASING, CONSTRUCTING, IMPROVING, RENOVATING, ENLARGING OR EQUIPPING PROPERTY, BUILDINGS, STRUCTURES, FACILITIES, ROADS, OR RELATED INFRASTRUCTURE FOR PARTICIPANTS IN THE REVENUE FINANCING SYSTEM, (ii) FUNDING, TO THE EXTENT PERMITTED BY APPLICABLE LAW, CAPITALIZED INTEREST ON THE BONDS, (iii) REFUNDING THE REFUNDED BONDS AND THE REFUNDED COMMERCIAL PAPER NOTES, AND (iv) PAYING THE COSTS OF ISSUANCE RELATED TO THE SALE OF THE BONDS. Terms used herein and not otherwise defined have the meaning given in the Bond Resolution.

ON APRIL 15, 20__, or on any date thereafter, the Bonds of this Series maturing on and after April 15, 20__ may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Board (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at par and accrued interest to the date fixed for redemption; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if

fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Board and the securities depository.

[IF LESS THAN all of the Bonds of this Series are to be redeemed, the particular maturities of Bonds to be redeemed at the option of the Board will be determined by the Board in its sole discretion.

IF THE BONDS OF THIS SERIES are registered in book-entry only form and so long as The Depository Trust Company ("DTC") or a successor securities depository is the sole registered owner of such Bonds, if less than all of the Bonds of a maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be allocated on a *pro rata pass-through distribution of principal* basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

THE ISSUER intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Board nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Bonds of this Series on such basis.

FOR PURPOSES OF calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Bonds of this Series where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Bonds.

IF THE BONDS of this Series are no longer registered in book-entry-only form, each owner will receive an amount of Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Bonds of any maturity will continue to be paid to the registered owners of such Bonds on a pro-rata basis, based on the portion of the original face amount of any such Bonds to be redeemed.]#

#To appear in Taxable Bonds only, if so provided in the applicable Bond Purchase Agreement.

THE BONDS maturing on April 15 in each of the years ____ and ____, shall be subject to mandatory sinking fund redemption prior to their scheduled maturities in the following amounts, on April 15 in each of the years set forth below, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

<u>Year</u>	<u>Principal Amount (\$)</u>
-------------	------------------------------

*Final Maturity

The principal amount of the Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Issuer, by the principal amount of any Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and canceled by the Paying Agent/Registrar at the direction of the Issuer, in either case at a price not exceeding the par or principal amount of such Bonds, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against mandatory sinking fund redemption. During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing such interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the Registration Books on the 45th day prior to such redemption date. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Board, all as provided in the Bond Resolution.

THE FOREGOING PARAGRAPH NOTWITHSTANDING, with respect to any optional redemption of the Bonds, unless certain prerequisites to such optional redemption required by the Bond Resolution have been met and money sufficient to pay the principal of, premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to giving such notice, such notice may state that the optional redemption will, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied, such notice will be of no force and effect, the Issuer

will not redeem such Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds will not be redeemed.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in The City of New York, New York, or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer or exchange as provided below, but the one requesting such transfer or exchange shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration or exchange of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons in the denomination of any integral multiple of \$5,000 (an "Authorized Denomination"). As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate

registered owner, assignee, or assignees, as the case may be, having the same maturity date, in the same form, and bearing interest at the same rate, in any Authorized Denomination as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering, or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that the Series of Bonds of which this Bond is one constitute Parity Obligations under the Master Resolution; and that the interest on and principal of this Bond, together with the other Bonds of this Series and the other outstanding Parity Obligations, are equally and ratably secured by and payable from a lien on and pledge of the Pledged Revenues.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional Parity Obligations which also may be secured by and made payable from a lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the provisions of the Bond Resolution under the conditions provided in the Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Chair of the Issuer and countersigned with the manual or facsimile

signature of the Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

Secretary, Board of Regents of the
University of North Texas System

Chair, Board of Regents of the
University of North Texas System

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

_____, Paying Agent/Registrar

Dated

Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

_____ / _____ /

(Assignee's Social Security or Taxpayer Identification Number)

(print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints

attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond.

[FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS TO ACCOMPANY
THE BONDS UPON INITIAL DELIVERY]

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond and the proceedings authorizing its issuance have been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Should the Bonds be insured by a Bond Insurer, a statement or legend describing the policy to be issued by the Bond Insurer may be printed on the Bonds so insured.



Board Briefing

Committee: Finance & Facilities

Date Filed: July 8, 2016

Title: Delegation of Authority to Negotiate and Execute Managed Care Agreements with Health Care Insurers

Background:

UNT Health Science Center has, since 1995, entered into managed care agreements (third-party payer agreements) through T.I.O.P.A., Inc. (previously Texas Independent Osteopathic Physician Association). Third-party payer agreements provide payment and reimbursement to UNTHSC for professional medical services provided to clinic patients. Under the current arrangement, T.I.O.P.A. has been responsible for the negotiation and contracting of agreements, and the credentialing and enrollment of healthcare providers, with the third-party payers on UNTHSC's behalf.

As the UNTHSC clinical practice business model continues to evolve, it has become advantageous to transition these services in-house. This will reduce contracting expenditures. It is also expected that current delays in provider credentialing, often experienced under the current contracted arrangement, will be significantly reduced resulting in improved cash-flows.

UNTHSC currently participates in over 200 active third-party payer product agreements, with nearly 50 percent of all third-party revenues are received from 5 payers: JPS- Connection; Medicare; Blue Cross-Blue Shield of Texas; AmeriGroup - Medicaid HMO; and AmeriGroup - Children's Health Insurance Program (CHIP). UNTHSC anticipates transitioning third-party payer agreements in-house based on various factors, including volume, reimbursement rates, and expiration dates.

Financial Analysis/History:

T.I.O.P.A. currently charges an annual fee and charges a fee of \$750 for every new provider added. In FY 2016, the total amount of fees incurred was \$240,000. UNTHSC already duplicates the credentialing performed by T.I.O.P.A., so there will be no need for additional personnel. Additionally, because of the process used by T.I.O.P.A. for new providers, there were delays in approving new providers of at least sixty days and as long as ninety days. UNTHSC currently completes credentialing on all providers prior to their start date, allowing for expedited credentialing of providers under third-party payer plans and more timely realization of revenues from new providers.

UNTHSC will directly negotiate and contract with each third-party payer to obtain the best possible reimbursement. It is expected that the value of most managed care agreements will likely each exceed \$1 million.

Gregory R. Anderson
Digitally signed by Gregory R. Anderson
DN: cn=Gregory R. Anderson, ou=INTHSC,
ou=Interim Chief Financial Officer,
email=gregory.anderson@unthsc.edu,
c=US
Date: 2016.08.05 15:25:30 -05'00'

Institution Chief Financial Officer

Janet Waldron
Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System,
ou=Vice Chancellor for Finance,
email=janet.waldron@untsystem.edu, c=US
Date: 2016.08.08 12:46:46 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer
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DN: cn=Nancy S. Footer, o=University of North
Texas System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 13:40:36 -05'00'

Vice Chancellor/General Counsel

Schedule:

Activities will begin in early FY 2017 and will continue as new contracts are executed and expiring contracts are extended, renewed, or renegotiated. A listing of current third-party payers is attached, but may be expanded or reduced as active payers come and go from the regional market.

Recommendation:

Delegation of Authority to the UNT Health Science Center President or his designee to negotiate and execute agreements with multiple third-party payers for UNTHSC clinical faculty to provide and be reimbursed for professional medical services to the third-party payers' covered patients.

Recommended By:

Gregory R. Anderson
Institution Chief Financial Officer

Michael R. Williams
Digitally signed by Michael R. Williams
DN: cn=Michael R. Williams,
o=UNTHSC, ou=President,
email=michael.williams@unthsc.edu, c=US
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President

Lee Jackson
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DN: cn=Lee Jackson, o=UNT System,
ou=Office of the Chancellor,
email=lee.jackson@untsystem.edu,
c=US
Date: 2016.08.09 17:56:27 -05'00'

Chancellor

Attachments Filed Electronically:

- Listing of third-party payers



Board Order

Title: Delegation of Authority to Negotiate and Execute Managed Care Agreements with Health Care Insurers

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, UNTHSC employs clinical faculty to provide professional medical services to patients that participate as subscribers in various managed care agreements, and

Whereas, UNTHSC wishes to transition away from its contracted arrangement with T.I.O.P.A. and instead perform its own in-house third-party payer contract negotiation, provider enrollment, and credentialing services, and

Whereas, UNTHSC desires authorization to execute these revenue contracts as they are negotiated and finalized to insure predictable cash-flow to support the clinical practice, and

Whereas, UNTHSC's contracting activities will begin in the fall of FY2017 and will be a continuing process.

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

- 1. Delegation of authority to the UNT Health Science Center President or his designee to negotiate and execute managed care agreements with health care insurers

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents

UNTHSC- Listing of 3rd Party Payers/Insurance Companies Contracted Through TIOPA																
			Commercial				Medicare			Medicaid				Worker Comp		
		FFS	PPO	HMO	Discount	Adv PPO	Adv HMO	Adv PSO	HMO	STAR	STAR +	CHIP	Foster	WC	Auto	Occ/Health
Amerigroup									X	X		X				
Aetna Commercial		X	X	X										X		
Beech Street	Concentra		X		X									X		
BCBS of Texas		X	X	X												
Humana	Choicecare Network		X			X	X	X								
CIGNA			X	X												
Coastal Comp Health Networks														X		X
Cook Childrens Health Plan (CCHN)									X	X	X	X				
Corvel Healthcare														X	X	X
Averde Health			X													
Bravo Health Texas						X	X	X			X					
Coventry/First Health Network			X			X								X	X	
Direct Care America of Texas			X													
First Health/Community Care Network (CCN)														X	X	
Focus Healthcare			X											X	X	
Fresenius		X														
Galaxy Health Network			X													
Great-West		X	X	X												
Health Spring Life and Health Insurance						X										
Health Smart Preferred Care		X	X											X		
N. Tx Healthcare Network (Health Smart)		X	X											X		
Independent Medical Systems (IMS)			X													
MedCorp Southwest			X													
Integrated Health Plan			X											X		
Molina Healthcare of Texas							X		X	X	X	X				
Multi-Plan	PHCS or Savility		X		X											
National Choice Care														X	X	
National Provider Network (NPN)			X													
Nexcaliber	Associated Administrators Group		X													
Prime Health Services		X	X											X	X	
Universal Healthcare of Texas	Prime Health Texan Plus		X			X		X	X							
Principal Edge Network			X													
PPO Next			X													
Private Healthcare Systems (PHCS)		X	X													
Provider Select	Provider Strategies		X													
Rockport Community Care			X											X		

UNTHSC- Listing of 3rd Party Payers/Insurance Companies Contracted Through TIOPA																
			Commercial				Medicare			Medicaid				Worker Comp		
		FFS	PPO	HMO	Discount	Adv PPO	Adv HMO	Adv PSO	HMO	STAR	STAR +	CHIP	Foster	WC	Auto	Occ/Health
Southwest Medical Provider Network														x		
Sterling Life Insurance Sterling Partners						x		x								
Superior Healthplan Inc				x			x		x	x	x					
Texas Children's Healthcare													x			
Texas True Choice									x	x		x	x			
Texas First Health Plan SelectCare Health Plan						x	x									
The Reny Company																x
Three Rivers Provider Network			x											x	x	
Tricare		x	x													
Unicare		x	x					x								
Union Pacific Railroad Employees Health			x				x									
USA Managed Care Organization			x		x							x		x		
Wellcare							x									
XL Health Care Improvement Plus							x									



Board Briefing

Committee: Finance & Facilities

Date Filed: July 8, 2016

Title: Delegation of Authority to the Chancellor for Approval of UNTHSC Intergovernmental Transfers (IGT) of Funds for FY 2017 in the Texas Healthcare Transformation and Quality Improvement Program (1115 Transformation Waiver)

Background:

At the November 2012 quarterly meeting, the UNT System Board of Regents approved UNT Health Science Center (UNTHSC) as a participant in the Texas Healthcare Transformation and Quality Improvement Program ("1115 Transformation Waiver"). This initiative allows the state to expand Medicaid managed care while preserving hospital and provider funding, provides incentive payments for health care delivery system improvements, and directs more funding to hospitals and providers that serve large numbers of uninsured patients. The 1115 Transformation Waiver replaces funding that was historically provided through Upper Payment Limit (UPL) payments – which were supplemental payments to make up the difference between what Medicaid pays for a service and what Medicare would pay for the same service. Replacing the UPL payment methodology are two funding pools, one for Uncompensated Care (UC), and the other for Delivery System Reform Incentive Payments (DSRIP).

1. UC Pool Payments are designed to help offset the costs of otherwise uncompensated care provided to patients by hospitals or other providers.
2. DSRIP Pool Payments are incentive payments to hospitals and other providers that develop programs or strategies to enhance access to health care, increase the quality of care, and improve cost-effectiveness of care provided and the health of the patients and families served.

Under the 1115 Transformation Waiver, eligibility to receive UC or DSRIP payments requires participation in a regional healthcare partnership (RHP). UNTHSC is a participant in RHP 10 that includes Tarrant, Ellis, Erath, Hood, Johnson, Navarro, Parker, Somervell, and Wise Counties. Tarrant County Hospital District (d/b/a JPS Health Network) is the anchor for RHP 10.

Under the 1115 Transformation Waiver, certain governmental entities may make Intergovernmental Transfers (IGT) of eligible state and local funds, which then receive a federal match to fund UC or DSRIP payments to the governmental entity.

At the August 21, 2015 meeting, the UNT System Board of Regents approved the delegation of authority for the Chancellor to approve UNTHSC IGTs for FY 2016 totaling an estimated \$13.0 million in order to receive an estimated \$18.0 million in federal matching funds.

Financial Analysis/History:

In October 2015 for Demonstration Year (DY) 5 of the 1115 Transformation Waiver Program, UNTHSC sent an IGT of \$589,133 related to UC and received a federal match of \$815,236. In December 2015, UNTHSC sent an IGT of \$9,190,113 related to DSRIP and received a federal match of \$12,247,053. In February 2016, UNTHSC sent an IGT of \$559,772 related to UC and received a federal match of \$774,607. In April 2016 UNTHSC sent an IGT of \$473,465 related to UC and received a federal match of \$630,955. UNTHSC is scheduled to send additional IGTs during June in the amount of \$1,288,545 for DSRIP and \$43,376 for Waiver monitoring.

During FY 2017, UNTHSC expects to IGT as much as \$13.0 million to receive federal matching funds totaling as much as \$17.9 million related to DSRIP projects for DY- 6. The timing and amounts of these IGTs will be directed by HHSC and could vary slightly depending on subsequent project valuation modifications by the federal Centers for Medicare and Medicaid Services and project performance by UNTHSC.

For UC, UNTHSC expects to IGT as much as \$2.1 million for DY-6 to receive a federal match totaling as much as \$2.9 million during FY 2017.

**Gregory R.
Anderson**

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Date: 2016.08.05 13:26:40 -0500

Institution Chief Financial Officer

**Janet
Waldron**

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Date: 2016.08.08 12:47:26 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

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Date: 2016.08.05 13:41:09 -05'00'

Vice Chancellor/General Counsel

Schedule:

In accordance with subsequent direction and timing from the Texas Health and Human Services Commission and the federal Centers for Medicare and Medicaid Services.

Recommendation:

It is recommended that the UNT System Board of Regents delegate authority to the Chancellor to approve UNTHSC to IGT the appropriate funds, as much as \$15.1 million, related to DY- 6 during FY 2017, as outlined above, in order to receive as much as \$20.8 million in federal matching funds under the DSRIP and UC payment pools of the 1115 Transformation Waiver.

Recommended By:

Gregory R. Anderson

Institution Chief Financial Officer

Michael R.
Williams

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Williams
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du, c=US
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President

Lee
Jackson

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Date: 2016.08.09 17:59:57 -05'00'

Chancellor



Board Order

Title: Delegation of Authority to the Chancellor for Approval of UNTHSC Intergovernmental Transfers (IGT) of Funds in FY 2017 in the Texas Healthcare Transformation and Quality Improvement Program (1115 Transformation Waiver)

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent and seconded by Regent , the Board approved the motion presented below:

Whereas, the UNT System Board of Regents previously approved UNTHSC's participation in the Texas Healthcare Transformation and Quality Improvement Program (1115 Transformation Waiver), and

Whereas, under the 1115 Transformation Waiver, certain governmental entities may make intergovernmental transfers (IGT) of eligible state and local funds related to Uncompensated Care or Delivery System Reform Incentive Payments to receive federal matching funds as described in the background section, and

Whereas, the UNT System Board of Regents previously approved the delegation of authority to the Chancellor for approval of UNTHSC IGTs related to Demonstration Years (DYs) 1 through 5 of the 1115 Transformation Waiver,

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

- 1. Delegation of authority to the Chancellor for approval of UNTHSC to make one or more intergovernmental transfers of eligible public funds to Texas HHSC during FY 2017 in order to receive federal matching funds under the DSRIP and UC payment pools for 1115 Transformation Waiver DY-6
2. Combined IGT submissions for DSRIP and UC in FY 2017 for DY-6 not to exceed \$15.1 million, without additional approval of the Board

VOTE: ___ ayes ___ nays ___ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Finance & Facilities

Date Filed: July 8, 2016

Title: Delegation of Authority to Amend UNTHSC's Agreement with CareCycle Solutions, LLC

Background:

On May 6, 2013, the University of North Texas Health Science Center (UNTHSC) was awarded an incentive payment to conduct six projects under the Centers for Medicare and Medicaid Services (CMS) State of Texas 1115 Transformation Waiver program. Later that year, UNTHSC entered into an agreement with CareCycle Solutions, LLC, for CareCycle Solutions to provide services in support of one of the projects — “Managing Chronically Ill Medicaid Patients Using Interventional Telehealth.” Under that agreement, CareCycle Solutions has been developing a long-term monitoring program for Medicaid patients discharged from hospitals. The current agreement with CareCycle Solutions expires on September 30, 2016. The proposed amendment would extend the agreement and add funds for additional work to be performed.

Financial Analysis/History:

The cost incurred as a result of the recommended amendment to the contract with CareCycle Solutions, LLC will be covered by 1115 Waiver funding and will be an additional \$1,200,000 over a 12-month period.

Gregory R. Anderson

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Date: 2016.08.05 15:27:41 -05'00'

Institution Chief Financial Officer

Janet Waldron

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Date: 2016.08.09 11:40:46 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

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Date: 2016.08.05 13:41:40 -05'00'

Vice Chancellor/General Counsel

Schedule:

September 1, 2013 – September 30, 2017

Recommendation:

It is recommended that the Board of Regents delegate authority to the Chancellor or his designee to execute an amendment with CareCycle Solutions, LLC to extend the agreement from October 1, 2016 through September 30, 2017, and increase the cost of the agreement by \$1,200,000.00.

Recommended By:

Gregory R. Anderson
Institution Chief Financial Officer

Michael R. Williams
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President

Lee Jackson
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Date: 2016.08.09 18:00:57 -05'00'

Chancellor



Board Order

Title: Delegation of Authority to Amend UNTHSC’s Agreement with CareCycle Solutions, LLC

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, the current agreement with CareCycle Solutions expires on September 30, 2016, and

Whereas, UNTHSC desires to extend the term of the agreement for one year and increase the cost of the agreement by \$1,200,000.

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

- 1. Delegation of Authority to the Chancellor or his designee to negotiate and execute an amendment to the contract with CareCycle Solutions, LLC to extend the term of the agreement for one year and increase the cost of the agreement for a total contract amount not to exceed \$3,447,000.
-

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Finance & Facilities

Date Filed: July 7, 2016

Title: Acquisition of Real Property Located at 1408 St. Louis Avenue, Fort Worth, Texas

Background:

The proposed property acquisition of 1408 St. Louis Avenue consists of a 1.297 acre, more or less, commercial tract located at the northwest corner of St. Louis Avenue and Felix Gwozdz Place, and directly east of UNT Health Science Center property at 1401 May Street. The property is improved with a single story medical office building of 13,516 square feet and 80 parking spaces, built in 1980. The facility is currently configured with 14 offices and three large contiguous open rooms.

Currently, UNT Health Science Center owns property on two (2) sides of this tract. This acquisition will establish ownership of contiguous UNTHSC property in the medical district to support UNTHSC future growth. The property will provide a possible satellite campus in the medical district and strengthen hospital partnership opportunities.

The acquisition of this property will allow UNT Health Science Center to create a stronger presence in the medical district and will also provide a location for the Correctional Medicine program that is currently located in 1401 May Street. The majority of space at 1401 May Street is currently leased by Tarrant County Hospital District/JPS Health Network (JPS). It is anticipated that JPS will begin leasing the remaining portion of 1401 May Street which will require relocation of the HSC Correctional Medicine program. The 1408 St. Louis Avenue property, which is adjacent to JPS Hospital, will accommodate the expanding Correctional Medicine program and may also include administrative, clinical support services or leased space.

Private appraisals were obtained by UNT System in September 2015 (\$2,400,000). The owner has agreed to sell the property for \$2,800,000 plus applicable closing costs. A contract has been signed by UNT System, pending BOR approval, and the owner for the acquisition of the property and improvements.

Financial Analysis/History:

Proceeds from the issuance of commercial paper will be used to finance the acquisition. It is anticipated that this obligation will be refunded into long-term debt within 12-18 months of the closing.

Although the property is not anticipated to be used in a capacity that will generate revenue, it is strategic to the ongoing partnerships in the medical district.

**Gregory R.
Anderson**
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Institution Chief Financial Officer

Janet Waldron
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Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer
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Date: 2016.08.05 13:42:30 -05'00'

Vice Chancellor/General Counsel

Schedule:

Request approval from UNT System Board of Regents
Property closing

August 2016
October 2016

Recommendation:

It is recommended that the Board of Regents authorize and approve the following Board Order.

Recommended By:

Stephen D. Barrett

Vice President for Operations

Michael R. Williams
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President

James M. Maguire

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Vice Chancellor

Lee Jackson

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Chancellor



Board Order

Title: Acquisition of Real Property Located at 1408 St. Louis Avenue, Fort Worth, Texas

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, UNT System has the opportunity to purchase the property at 1408 St. Louis Avenue, Fort Worth, Texas, and

Whereas, UNT System has the opportunity to own contiguous Health Science Center property to support future growth, and

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

1. The purchase of real property and improvements located at 1408 St. Louis Avenue, Fort Worth, Texas at a purchase price of \$2,800,000.00 plus applicable closing costs and other expenses incurred to complete the acquisition of the property as deemed necessary and advisable by the Vice Chancellor for Facilities Planning and Construction.
2. The Chancellor or his designee to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take any and all further action necessary or advisable to carry out the purpose and intent of the forgoing action.

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Finance & Facilities

Date Filed: July 21, 2016

Title: Delegation of Authority to Negotiate and Execute Agreements Between UNTHSC and the Tarrant County Hospital District and/or Acclaim Physician Group

Background:

UNTHSC has been operating since 2009 under Professional Medical Service Agreements and Graduate Medical Education Agreements with the Tarrant County Hospital District (TCHD) and Tarrant County Indigent Care Corporation (TCICC) to provide physician services to TCHD. The Agreements will expire on September 30, 2016, and UNTHSC and TCHD have agreed that the Agreements will not be extended.

UNTHSC, TCHD, and Acclaim Physician Group have been negotiating new mutually beneficial arrangements that may require the parties to enter into agreements in the near future to provide for the purchase of educational, administrative or clinical services by TCHD, Acclaim or UNTHSC, as needed and mutually agreed upon, to fulfill needs of the respective organizations.

Financial Analysis/History:

The details and dollar amounts associated with the above transactions are yet to be fully determined. Although it is expected that the payments associated with these transactions would diminish over time, it is anticipated that the total value of one or more of the agreements will exceed \$1,000,000, and payments under one or more of the agreements could exceed \$1,000,000 per year.

Gregory R. Anderson
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Institution Chief Financial Officer

Janet Waldron
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Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

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Date: 2016.08.05 13:43:13 -05'00'

Vice Chancellor/General Counsel

Schedule:

Beginning upon execution of the agreement, anticipated to be between September and December of 2016, and continuing for the term of the agreement to be developed.

Recommendation:

Delegation of Authority to the Chancellor or his designee, with concurrence of the UNTHSC President, to Negotiate and Execute Agreements between UNTHSC and the Tarrant County Hospital District and/or Acclaim Physician Group to provide for the purchase of educational, administrative or clinical services by TCHD, Acclaim or UNTHSC.

Recommended By:

Gregory R. Anderson
Institution Chief Financial Officer

Michael R. Williams
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President

Lee Jackson
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Date: 2016.08.09 18:05:22 -05'00'
Chancellor



Board Order

Title: Delegation of Authority to Negotiate and Execute Agreements Between UNTHSC and the Tarrant County Hospital District and/or Acclaim Physician Group

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, UNTHSC provides physician services to the Tarrant County Hospital District, and

Whereas, the Tarrant County Hospital District Professional Medical Service and Graduate Medical Education Agreements will expire September 30, 2016, and

Whereas, UNTHSC desires to continue to engage in business, clinical and educational activities with Tarrant County Hospital District through contracts to be developed in the near term.

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

1. Delegation of Authority to the Chancellor or his designee, with concurrence of the UNTHSC President, to negotiate and execute agreement(s) with Tarrant County Hospital District and/or Acclaim Physician Group to provide for the purchase of educational, administrative or clinical services by TCHD, Acclaim or UNTHSC.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Finance & Facilities

Date Filed: July 29, 2016

Title: Authorization to Serve on Outside Board

Background:

Regents Rule 05.800, *Service on Outside Boards*, allows the Board of Regents, in its sole discretion, to determine if service on an outside board is of substantial benefit to the System or an Institution such that if litigation, claims or disputes occur the employee serving on the outside board may request representation by the Attorney General and indemnification from the System, Institution and the State of Texas. Regents Rule 05.800 states that service is of substantial benefit "if it significantly advances or is fundamentally important to the mission of the System, the System Administration, or an Institution and it is performed as an integral part of the employee's job duties and responsibilities." The purpose of this Board item is to request authorization for Lawrence E. (Joe) Allred, PhD, Associate Vice President for Research and Innovation at UNT Health Science Center to serve on the board of Cx Precision Medicine, Inc., and to seek a determination that his service on this board is of substantial benefit to UNTHSC and UNT System.

UNT Health Science Center owns intellectual property developed by Dr. Sid O'Bryant and other co-inventors related to the diagnosis and treatment of Alzheimer's disease. These technologies are in the process of being licensed into a new company, Cx Precision Medicine, Inc. (Cx), that is being formed expressly for the purpose of commercializing those technologies by bringing the goods and services the technologies will enable, into the commercial practice of healthcare. Because of the work done in the creation and founding of the new company and the licensing of technologies into the company, UNTHSC will own an initial amount of equity in the form of common stock equivalent to about 34% of the total issued shares prior to the first major round of funding.

Dr. Allred has been working in the course and scope of his responsibilities, as head of the Office of Research Development and Commercialization, with Dr. O'Bryant and outside entrepreneurs to create and found Cx. Dr. Allred has over 17 years of experience in developing university technologies into new biotechnology companies in the State of Texas, the first 14 years occurring at another Texas public academic medical center. Dr. Allred served on the board of one of those companies in the course and scope of his employment at that State of Texas academic medical center. Because of Dr. Allred's depth of experience in biotech entrepreneurship and knowledge of the business for the O'Bryant technologies, the management of Cx believes it is important that Dr. Allred participate as a founding member of the board of directors of Cx.

The benefits UNTHSC will receive from Dr. Allred's service on the Cx board will derive directly from his ability to represent the interests of UNTHSC and assist in supporting the success of Cx consistent with his responsibilities as an employee of UNTHSC and the fiduciary responsibilities of being a member of a board of directors. UNTHSC will derive substantial financial benefits resulting from the success of the company due to the relatively large amount of equity and royalties that will be earned from the commercialization of the licensed technologies from

UNTHSC. The success of Cx will likely also result in sponsored research back into UNTHSC and result in a significant enhancement of public reputation for a high quality of science at UNTHSC. Dr. Allred would serve on the board in the course and scope of his employment in his position at UNTHSC and would receive no compensation for these services.

Financial Analysis/History:

UNTHSC has invested more than \$100,000 in the accumulated intellectual property protection of Dr. O'Bryant's multiple technologies and a substantial amount of time and effort over the past three years by the Office of Research Development and Commercialization. Cx Precision Medicine will assume the ongoing costs of the patenting expenses and will reimburse the sunk-in expenses upon receiving at least \$3 million in capital funding. Cx is seeking at least this amount of investment capital within the next 12 months.

The cost of legal defense and indemnification of any damages in the event of litigation is expected to be covered by insurance obtained by Cx, including specific Officers and Directors insurance.

Gregory R. Anderson
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Institution Chief Financial Officer

Janet Waldron
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Date: 2016.08.08 12:50:38 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer
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Date: 2016.08.05 13:43:47 -05'00'

Vice Chancellor/General Counsel

Schedule:

Dr. Allred will be appointed to the board of Cx Precision Medicine on September 1, 2016 or on the date that the licenses with UNTHSC are executed, whichever occurs later.

Recommendation:

The President recommends that the Board of Regents find that service by Dr. Lawrence Allred, Associate Vice President for Research and Innovation at UNTHSC, on the board of Cx Precision Medicine, Inc. is of substantial benefit to the UNT System and to the University of North Texas Health Science Center, and further that the Office of General Counsel may seek a determination from the Attorney General of Texas regarding representation and indemnification of Lawrence Allred at such time as litigation relating to his service on the board of Cx Precision Medicine is reasonably anticipated.

Recommended By:

Gregory R. Anderson

Institution Chief Financial Officer

**Michael R.
Williams**

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Williams
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President

**Lee
Jackson**

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Date: 2016.08.09 18:07:29 -05'00'

Chancellor



Board Order

Title: Authorization to Serve on Outside Board

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, the Board of Regents has the authority pursuant to Regents Rule 05.800, *Service on Outside Boards*, to determine whether an employee's service on an outside board is of substantial benefit to UNTHSC, and if so, to authorize the Office of General Counsel to seek representation and indemnification for the employee in the event litigation arises relating to service on these boards,

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

1. Service by Dr. Lawrence Allred, Associate Vice President for Research and Innovation at UNT Health Science Center on the board of Cx Precision Medicine, Inc. is of substantial benefit to UNT System and to the University of North Texas Health Science Center.
2. Dr. Lawrence Allred is authorized to serve on the board of Cx Precision Medicine, Inc. as a part of his duties and responsibilities as Associate Vice President for Research and Innovation at UNTHSC.
3. The UNT System Office of General Counsel may seek a determination from the Attorney General of Texas regarding representation and indemnification of Lawrence Allred at such time as litigation relating to his service on the board of Cx Precision Medicine, Inc. is reasonably anticipated.

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Finance & Facilities

Date Filed: July 8, 2016

Title: UNT Dallas Room and Board Rates for Academic Year 2017-2018

Background:

The board approved the budget and construction of UNT Dallas Residence Hall in February 2015, which is scheduled to be completed in mid-summer of 2017. The Residence Hall is scheduled to be opened to students in the fall of 2017 for the 2017-2018 academic year.

UNT Dallas established a residence hall operational planning committee during the spring semester of 2016. This committee was formed to establish procedures, recommend policies and establish room and board rates for the opening of the residence hall in the fall of 2017. Consideration for the proposed rates was established using the following parameters: a housing survey conducted in October 2014, the cost of living index for the Dallas area (since October 2014), room and board fees charged by benchmarked institutions and those within the North Texas region, and evaluation of expenses required for the operation of the residence hall.

UNT Dallas requests to establish room rates for the 2017-2018 academic year for a standard single occupancy at \$3,071 per semester and for a standard double occupancy at \$2,599 per semester. UNT Dallas is also requesting to set the following weekly meal plan options per semester: For a resident - 19 meal plan at \$1,600, 14 meal plan at \$1,294, and 10 meal plan at \$989; For a commuter – 5 meal plan at \$467, and 3 meal plan at \$216. A schedule for room rates and meal plans is included in the attached board order.

One of the strategic objectives of UNT Dallas is to provide quality education through a living and learning experience at an affordable rate. The requested rates brought forward to the board were carefully considered within the context of this strategic objective. These rates are also competitive when compared among benchmarked institutions and those within the North Texas region.

Financial Analysis/History:

The construction of UNT Dallas Residence Hall is funded through a revenue bond. Revenue generated through the housing fees will support the payment of debt service for this. Additionally, these fees support the operational expenses of the residence hall. An appropriate financial analysis, including project pro-forma and enrollment projections, was conducted before project commencement. The breakeven occupancy rate utilizing the requested fee is approximately 92%. It is believed the charges requested are the maximum possible to generate demand and cover operating expenses. The fees will be reviewed and analyzed after the residence hall is open.

daniel.edelman
@untdallas.edu

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Institution Chief Financial Officer

Janet
Waldron

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System, ou=Vice Chancellor for
Finance,
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Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

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Texas System, ou=Office of General Counsel,
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Date: 2016.08.05 13:44:38 -05'00'

Vice Chancellor/General Counsel

Recommendation:

It is recommended that the Board of Regents approve the following board order.

Recommended By:

Dan Edelman

Executive Vice President
for Administration and CFO

Bob Mong

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President

Lee
Jackson

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Date: 2016.08.09 18:10:24 -05'00'

Chancellor



Board Order

Title: UNT Dallas Room and Board Rates for Academic Year 2017-2018

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, UNT Dallas Residence Hall budget and construction has been approved, and

Whereas, Construction is scheduled to be completed in mid-summer of 2017, and

Whereas, UNT Dallas Residence Hall is scheduled to be opened to students in fall 2017,

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

1. UNT Dallas Room Rates for Academic Year 2017-2018 as follows:

Room Type	Cost per semester
Standard Single Occupancy	\$3,071
Standard Double Occupancy	\$2,599

2. UNT Dallas Weekly Meal Plans for Academic Year 2017-2018 as follows:

Meal Plan	Cost per semester
Resident Plans	
19 Meal Plan	\$1600
14 Meal Plan	\$1294
10 Meal Plan	\$989
Commuter Plans	
5 Meal Plan	\$467
3 Meal Plan	\$216

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Order

Title: Approval of the Minutes of the May 19-20, 2016 Board Meeting and July 29, 2016 Special Called Board Meeting

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016 pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, the minutes of the May 19-20, 2016 Board Meeting and July 29, 2016 Special Called Board Meeting have been prepared by the Board Secretary and are attached here for Board approval,

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

1. The Minutes of the May 19-20, 2016 Board Meeting and July 29, 2016 Special Called Board Meeting
-

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



UNT | SYSTEM™

MINUTES BOARD OF REGENTS MEETING May 19-20, 2016

Thursday, May 19, 2016

The University of North Texas System Board of Regents convened on Thursday, May 19, 2016, at the UNT System Building, Room 712, 1901 Main St., Dallas, Texas, with the following Regents in attendance: Brint Ryan, Milton Lee, A.K. Mago, Don Potts, Al Silva, Glen Whitley, Laura Wright, and Courtney Haning. In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Brint Ryan called the meeting to order at 9:00 a.m. Chairman Ryan recognized Chancellor Lee Jackson who reported on **Accomplishments this Spring, Contracting and Improvement Initiatives, and Summer and Fall 2016 Progress.**

This being Regent Haning's last Board meeting, Chairman Ryan presented on behalf of the Board of Regents a **Certificate of Appreciation to Student Regent Courtney Haning** for her service as Student Regent for the 2015-2016 academic year.

The chairman recessed the Board for the meetings of the Strategic and Operational Excellence, Academic Affairs and Student Success, Finance and Facilities, and Audit Committees.

Following the Committee meetings, the Board reconvened at 4:36 p.m., at which time Chairman Ryan moved the Board into Executive Session to consider matters noted on the Executive Session agenda in accordance with Texas Government Code Section 551.071 and 551.074.

Chairman Ryan reconvened the Board into open session at 5:07 p.m. with one action item coming out of Executive Session.

2016-23 UNTS Delegation of Authority to Extend Administrative Appointment of the Vice Chancellor for Finance

Pursuant to a motion by Regent Milton Lee seconded by Regent A.K. Mago, the Board approved the action item 6-0.

There being no further business, the Board meeting was recessed at 5:08 p.m. on Thursday, May 19, 2016 to be reconvened at 9:00 a.m. on Friday, May 20, 2016 at the UNT System Building, Room 712, 1901 Main St., Dallas, Texas.

Friday, May 20, 2016

The University of North Texas System Board of Regents convened on Friday, May 20, 2016 at the UNT System Building, Room 712, 1901 Main St., Dallas, Texas with the following Regents in attendance: Brint Ryan, Milton Lee, Don Potts, Al Silva, Glen Whitley, Laura Wright, and Courtney Haning. In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Brint Ryan called the meeting to order at 9:03 a.m.

Chairman Ryan recessed the Board for the meetings of the Academic Affairs and Student Success, and Finance and Facilities Committees.

Following the Committee meetings, Chairman Ryan reconvened the full Board at 9:47 a.m.

The Board considered the following items on the Consent Agenda:

- 2016-24 UNTS Approval of the Minutes of the February 25-26, 2016 Board Meeting and the April 1-2, 2016 Special Called Board Meeting**
- 2016-25 UNT Approval of Tenure for New UNT Faculty Appointees**

Pursuant to a motion by Regent Glen Whitley seconded by Regent Al Silva, the Board approved the action items on the consent agenda 6-0.

The Board then considered the following action items coming out of committees:

Academic Affairs and Student Success Committee Item

- 2016-26 UNTS Approval of University of North Texas, University of North Texas Health Science Center, and University of North Texas at Dallas policies related to *Prohibition of Sexual Assault and Retaliation***
- 2016-27 UNTS Approval and Ratification of 2016-2017 Admission Standards for UNT System Institutions**
- 2016-28 UNT Approval of UNT Tenure Recommendations**
- 2016-29 UNTHSC Approval of UNTHSC Tenure Recommendations**
- 2016-30 UNTD Approval of UNT Dallas Tenure Recommendations**
- 2016-31 UNTD Authorize a New UNT Dallas Bachelor of Science Degree in Public Health**
- 2016-32 UNTD Approval of Change to UNT Dallas Mission Statement**

Pursuant to a motion by Regent Al Silva seconded by Regent Milton Lee, the Board approved the above action item 6-0.

Finance and Facilities Committee Items

- 2016-33 UNTS Adoption of Resolution Authorizing Cash Defeasance of Series 2012A Bonds**
- 2016-34 UNTS Twenty-Second Supplemental Resolution to the Master Resolution Authorizing the Issuance, Sale, and Delivery of Board of Regents of the University of North Texas System Revenue Financing System Refunding Bonds, Forward Delivery Series 2018; and Approving and Authorizing Instruments and Procedures Relating Thereto**

- 2016-35 UNTS** Authorization to Amend the UNTS FY16 Capital Improvement Plan to Renovate the First Floor of Sage Hall
- 2016-36 UNT** Delegation of Authority to Negotiate and Execute a Multi-Year Agreement for UNT with the Dallas Cowboys

Pursuant to a motion by Regent Don Potts seconded by Regent Glen Whitley, the Board approved the above Finance and Facilities Committee action items. The motion was approved on a 6-0 vote.

An action item, **Request for Increase of the Recreational Facility Fee**, was withdrawn by UNT after discussion, and therefore not voted on by the full Board of Regents.

Following consideration of all action items, Chairman Brint Ryan recognized Dr. Patrick Cammarata and his legal representative, Mr. Stanley Lubin, who had requested to make public comment about an item noted on the agenda for discussion during executive session, "Consideration of the recommendation to terminate for adequate cause the tenured employment of Dr. Patrick Cammarata, Professor, North Texas Eye Research Institute, UNT Health Science Center, and possible action." Dr. Cammarata spoke first for five minutes, and Mr. Lubin spoke second for five minutes, as allowed per Chairman Ryan.

At 10:15 a.m., Chairman Brint Ryan moved the Board into Executive Session to consider matters noted on the Executive Session agenda in accordance with Texas Government Code Section 551.071 and 551.074.

Chairman Ryan reconvened the Board into open session at 11:02 a.m. with one action item coming out of Executive Session.

2016-37 UNTHSC Recommendation to Terminate Dr. Patrick Cammarata, Ph.D., Professor, a Tenured Faculty Member in the North Texas Eye Research Institute and Graduate School of Biomedical Sciences, University of North Texas Health Science Center

Pursuant to a motion by Regent Al Silva seconded by Regent Milton Lee, the Board approved the above action item. The motion was approved 6-0 on a roll call vote. Milton Lee voted "yes." Don Potts voted "yes." Brint Ryan voted "yes." Al Silva voted "yes." Glen Whitley voted "yes." Laura Wright voted "yes."

There being no further business, the Board meeting was adjourned at 11:03 a.m. on Friday, May 20, 2016.

Submitted By:

Approved By:

Rosemary R. Haggett
 Rosemary R. Haggett, Board Secretary
 Board of Regents

 Brint Ryan, Chairman
 Board of Regents

Date: June 7, 2016

Date: _____



UNT | SYSTEM

BOARD OF REGENTS Teleconference Meeting Minutes July 29, 2016

University of North Texas System
Room 711
1901 Main Street
Dallas, Texas

The University of North Texas System Board of Regents convened a special called meeting via teleconference on Friday, July 29, 2016 in Room 711, UNT System Building, 1901 Main St. Dallas, Texas, with the following Regents in attendance: Brint Ryan, Don Potts, Rusty Reid, Gwyn Shea, Laura Wright, and Christopher Lee.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Ryan called the meeting to order at 1:05 pm.

The Board Secretary called roll and identified all participants in the meeting.

At 1:07 pm Chairman Ryan moved the meeting into Executive Session in accordance with Texas Government Code Section 551.074.

The Board reconvened in Open Session at 1:26 pm with one action item coming out of Executive Session.

2016-38 UNT Delegation of Authority to Execute an Employment Agreement with the UNT Vice President and Director of Athletics

Regent Potts made the motion to approve, and Regent Shea seconded the motion. Chairman Ryan invited discussion, and hearing none, called for the vote. The Board Secretary called the roll and recorded the vote. The motion passed by a vote of 5-0.

There being no further business, the meeting was adjourned at 1:30 pm.

Submitted By:

Rosemary R. Haggett
Rosemary R. Haggett,
Board Secretary

Approved By:

Brint Ryan,
Chairman

Date: Aug 11, 2016

Date: _____



Board Briefing

Committee: Consent

Date Filed: July 18, 2016

Title: Approval to Request to Exceed the Full-time Equivalent Limitation for Fiscal Year 2017

Background:

Limitations on full-time equivalent (FTE) employees paid by appropriated funds ("FTE cap") are established every two years by the State Legislature in the General Appropriations Act. Components of the UNT System operate using both appropriated funds and non-appropriated funds and pay employees out of both, but FTE caps were not adjusted to reflect the mix and use of different sources of funding.

Article IX, Section 6.10 of the General Appropriations Act requires a governing board to submit a request to the Governor and Legislative Budget Board annually if a component of the System anticipates exceeding the FTE cap by the lesser of 110 percent or 50 FTE.

UNT Health Science Center anticipates exceeding its FTE cap by 44.6 in FY2017. While State Appropriations increased, the FTE cap was not adjusted to reflect the increase in the appropriation. The expected increase in FTEs is primarily a result of the increased funding items that support Instruction, mostly in the College of Pharmacy, and those that address Research & Public Service initiatives such the Institute for Patient Safety & Preventable Harm and the Texas Missing Persons & Human Identification Program.

UNT Dallas anticipates exceeding its FTE cap by 139.9 in FY2017. Exceeding the FTE cap is primarily due to the College of Law becoming part of UNT Dallas. The expected increase in FTEs results from the transfer of approximately \$4.2 million in General Revenue funding from UNT System Administration for the College of Law and the College of Law's statutory tuition, and a \$1 million increase in formula-driven General Revenue appropriations to support instruction and operations.

Financial Analysis/History:

The recommendation to report and request to exceed FTE caps has no fiscal impact; exceeding FTE limitations is a product of existing state appropriations.

Janet Waldron Digitally signed by Janet Waldron
DN: cn=Janet Waldron, ou=UNT System, o=UNT System, email=janet.waldron@untsystem.edu, c=US
Date: 2016.08.09 11:40:00 -0500

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, o=University of North
Texas System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 13:28:56 -05'00'

Vice Chancellor/General Counsel

Schedule:

A letter will be sent to the Governor and Legislative Budget Board following Board approval.

Recommendation: That the Board of Regents approve the request to exceed the FTE cap in FY 2017.

Recommended By:

Janet Waldron

Vice Chancellor for Finance

Lee Jackson Digitally signed by Lee Jackson
DN: cn=Lee Jackson, o=UNT System,
ou=Office of the Chancellor,
email=lee.jackson@untsystem.edu, c=US
Date: 2016.08.09 16:58:04 -05'00'

Chancellor

Attachments Filed Electronically:

- Fiscal Year 2017 Request to Exceed Full-time Equivalent (FTE) Limitation on Appropriated Funds



Board Order

Title: Approval to Request to Exceed the Full-time Equivalent Limitation for Fiscal Year 2017

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, state law requires a governing board to submit a request to exceed the General Appropriations Act limitation on full-time equivalent employees paid by appropriated funds to the Governor and Legislative Budget Board if it is anticipated that the limitation will be exceeded,

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

1. Submission of a request to the Governor and Legislative Budget Board detailing UNT Health Science Center's and UNT Dallas's anticipated exceeding the fiscal year 2017 limitation on full-time equivalent employees paid by appropriated funds
-

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents

University of North Texas System
Fiscal Year 2016 Request to Exceed Full-time Equivalent (FTE) Limitation on Appropriated Funds

							Requested Increase Above the Lesser of 110% of the Institution FTE Cap or Institution FTE Cap Plus 50 FTEs		
Request to Exceed the Cap - By Institution	FY2016 Cap	Rider Allowance (lesser of 10% or 50)	Cap + Rider Allowance	Faculty	Staff	Total	Source of Funds	Justification and Explanation	
University of North Texas	2,401.5	50.0	2,451.5	-	-	-			
University of North Texas Health Science Center	766.8	50.0	816.8	15.0	29.6	44.6	Educational & General (primarily General Revenue and Statutory Tuition)	<p>The addition is primarily due to an increase of approximately \$10 million per year over the prior biennium in State Appropriations. This is mainly due to three factors: 1) \$6.9M increase in formula funding as a result of increased enrollment, primarily in the College of Pharmacy; 2) \$2M for the Institute for Patient Safety & Preventable Harm; and 3) \$1M for the Texas Missing Persons & Human Identification Program.</p> <p>While State Appropriations increased, the FTE cap was not adjusted to reflect the increase in the appropriation for both General Revenue funds and Educational & General funds. The expected increase in FTEs is primarily a result of the increased funding items that support Instruction, mostly in the College of Pharmacy, and those that address Research & Public Service initiatives such as the Institute for Patient Safety & Preventable Harm and the Texas Missing Persons & Human Identification Program.</p>	
University of North Texas at Dallas	158.4	15.8	174.2	52.6	87.3	139.9	Educational & General (General Revenue and Statutory Tuition)	<p>In addition to an increase of approximately \$1 million in formula-driven General Revenue appropriations for FY2016, the UNTD College of Law became part of UNT Dallas on September 1, 2015. College of Law appropriations transferred from UNT System Administration to UNT Dallas beginning in FY2016. While State Appropriations increased, the FTE cap was not adjusted to reflect the increase in the appropriation for both General Revenue funds.</p>	
University of North Texas System Administration	292.5	26.3	318.8	-	-	-			
Total	3,619.2	142.1	3,761.3	67.6	116.9	184.5			

In accordance with Article IX, Section 6.10(a)(2), this request is to exceed the lesser of one hundred and ten percent (110%) of the institution FTE cap or institution FTE cap plus fifty FTEs.



Board Briefing

Committee: Consent

Date Filed: July 7, 2016

Title: Resolution Declaring Intention to Reimburse Certain Expenditures with Proceeds from Debt

Background:

For the University of North Texas System (the "System") to proceed with the design, planning, acquisition and/or construction of various capital projects, costs (not to exceed \$630,000,000) will be incurred prior to the issuance of debt obligations, or establishment of other funding mechanisms, to finance the projects.

It is intended that the System reimburse itself for such payments through the issuance of tax-exempt or taxable debt obligations, or other funding mechanisms, to finance the projects, as permitted by law.

Financial Analysis/History:

The proposed projects intended for reimbursement are the projects listed on the UNTS Capital Improvement Plan for Fiscal Year 2017 and described as being debt financed. Projects may change in scope and cost.

Janet Waldron
Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System,
ou=Vice Chancellor for Finance,
email=janet.waldron@untssystem.edu, c=US
Date: 2016.08.08 12:37:23 -05'00'
Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer
Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, o=University of North Texas
System, ou=Office of General Counsel,
email=nancy.footer@untssystem.edu, c=US
Date: 2016.08.05 13:29:27 -05'00'
Vice Chancellor/General Counsel

Schedule:

Effective upon approval by the Board of Regents.

Recommendation:


It is recommended that the Board of Regents authorize UNT System institutions to reimburse themselves for costs (not to exceed \$630,000,000) incurred prior to the issuance of debt obligations or other method of project financing.

Recommended By:

James Mauldin

Associate Vice Chancellor for Treasury

Lee
Jackson

 Digitally signed by Lee Jackson
DN: cn=Lee Jackson, o=UNT System,
ou=Office of the Chancellor,
email=lee.jackson@untsystem.edu,
c=US
Date: 2016.08.09 16:59:22 -05'00'

Chancellor



Board Order

Title: Resolution Declaring Intention to Reimburse Certain Expenditures with Proceeds from Debt

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, the Board of Regents (the “Board”) of the University of North Texas System (the “System”) is an agency of the State of Texas, and

Whereas, the System expects to pay expenditures in connection with the design, planning, acquisition and construction of the projects described as being debt financed in the UNTS Capital Improvement Plan for Fiscal Year 2017 (collectively, the “Project”) prior to the issuance of obligations by the System in connection with the financing of the Project from available funds, and

Whereas, the System finds, considers, and declares that the reimbursement of the System for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the System and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues obligations to finance the Project,

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

1. The System reasonably expects it will incur debt, as one or more series of obligations, with an aggregate maximum principal amount not to exceed \$630,000,000, for the purpose of paying the aggregate costs of the Project.
 2. All costs to be reimbursed pursuant hereto will be capital expenditures. No-tax exempt obligations will be issued by the System in furtherance of this Statement after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service.
 2. The foregoing notwithstanding, no tax-exempt obligation will be issued pursuant to this Statement more than three years after the date any expenditure which is to be reimbursed is paid.
-

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Consent

Date Filed: July 8, 2016

Title: Approval of Intercomponent Transfers of State Appropriations for the College of Law from UNT System Administration to UNT Dallas

Background:

With the approval of the governing board, appropriation transfers may be made between a system administration and a component institution. The transfer of appropriated funds for the College of Law from UNT System Administration to UNT Dallas is included as part of the fiscal year 2017 budget approval. Board of Regents approval for the transfer of items of appropriation listed below will expedite the transfer of funds in the state treasury.

Financial Analysis/History:

UNT System Administration needs approval to transfer \$5,410,609 in addition to an amount for group insurance to UNT Dallas as part of the transfer of the College of Law.

The transfer of funds consists of the following items that UNT System Administration received as part of its total appropriation:

B.1.3. Strategy: Law School	\$3,065,854
C.1.1. Strategy: Operations Support	\$2,078,966
C.1.2. Strategy: Staff Group Insurance Premiums.....	\$79,608
C.1.3. Strategy: Texas Public Education Grants	\$43,540
C.1.4. Strategy: Educational/General Space Support	\$100,577
C.1.5. Strategy: Small Institution Supplement	\$42,064
Total:	\$5,410,609

The \$5,410,609 total consists of the following methods of finance:

General Revenue	\$4,205,741
General Revenue - Dedicated	
Estimated Board Authorized Tuition Increases Account No. 704	\$948,000
Estimated Other Educational and General Income Account No. 770.....	\$256,868
Total:	\$5,410,609

Additionally, UNT System will transfer a portion of its Higher Education Group Insurance appropriation to UNT Dallas to be used for insurance premium payments.

daniel.edelman@untdallas.edu
Digitally signed by daniel.edelman@untdallas.edu
DN: cn=daniel.edelman@untdallas.edu
Date: 2016.08.05 16:50:23 -05'00'

UNT Dallas Chief Financial Officer

Janet Waldron
Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System,
ou=Vice Chancellor for Finance,
email=janet.waldron@untsystem.edu,
c=US
Date: 2016.08.08 12:38:13 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer
Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, o=University of North
Texas System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 13:29:57 -05'00'

Vice Chancellor/General Counsel

Schedule:

The transfer will be made after approval of the Board of Regents.

Recommendation:

It is recommended that the Board approve the transfer of FY2016 appropriations for the College of Law from UNT System Administration to UNT Dallas.

Recommended By:

Janet Waldron
Vice Chancellor for Finance

Lee Jackson
Digitally signed by Lee Jackson
DN: cn=Lee Jackson, o=UNT
System, ou=Office of the
Chancellor,
email=lee.jackson@untsystem.edu,
c=US
Date: 2016.08.09 17:01:06 -05'00'

Chancellor



Board Order

Title: Approval of Intercomponent Transfers of State Appropriations for the College of Law from UNT System Administration to UNT Dallas

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent and seconded by Regent , the Board approved the motion presented below:

Whereas, state law requires governing board approval of intercomponent transfers of appropriations, and

Whereas, these transfers are incorporated into the FY2017 UNT Dallas budget,

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

- 1. The transfer of appropriations from UNT System Administration to UNT Dallas in compliance with Article III Special Provisions Section 4.1: Intercomponent Transfers, General Appropriations Act (House Bill 1), 84th Legislature, Regular Session, as follows:

Method of Finance

Table with 2 columns: Description and Amount. Rows include General Revenue (\$4,205,741), General Revenue - Dedicated, Estimated Board Authorized Tuition Increases Account No. 704 (\$948,000), Estimated Other Educational and General Income Account No. 770 (\$256,868), and Total (\$5,410,609).

Informational Items

Table with 2 columns: Description and Amount. Rows include B.1.3. Strategy: Law School (\$3,065,854), C.1.1. Strategy: Operations Support (\$2,078,966), C.1.2. Strategy: Staff Group Insurance Premiums (\$79,608), C.1.3. Strategy: Texas Public Education Grants (\$43,540), C.1.4. Strategy: Educational/General Space Support (\$100,577), C.1.5. Strategy: Small Institution Supplement (\$42,064), and Total (\$5,410,609).

- 2. The transfer of an amount to be decided from the System Administration Higher Education Group Insurance appropriation to UNT Dallas.

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Consent

Date Filed: July 8, 2016

Title: Approval of Intercomponent Transfers of State Appropriations

Background:

With the approval of the governing board, transfers of appropriations may be made between academic components within a system, between health science centers within a system, and between system administrations and component institutions.

Financial Analysis/History:

This item is intended to provide the approval necessary for appropriations transfers made throughout the year.

Bob Brown
Digitally signed by Bob Brown
DN: cn=Bob Brown, o=University of North Texas,
ou=VP for Finance and Administration,
email=bbob.brown@unt.edu, c=US
Date: 2016.08.08 15:38:41 -05'00'
UNT Chief Financial Officer

Gregory R. Anderson
Digitally signed by Gregory R. Anderson
DN: cn=Gregory R. Anderson,
o=UNTHSC, ou=Interim Chief Financial
Officer,
email=gregory.anderson@unthsc.edu,
c=US
Date: 2016.08.05 15:19:35 -05'00'
UNT Health Science Center Chief
Financial Officer

daniel.edelman@untdallas.edu
Digitally signed by
daniel.edelman@untdallas.edu
DN: cn=daniel.edelman@untdallas.edu
Date: 2016.08.05 16:51:23 -05'00'
UNT Dallas Chief Financial Officer

Janet Waldron
Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System,
ou=Vice Chancellor for Finance,
email=janet.waldron@untsystem.edu,
c=US
Date: 2016.08.08 12:38:48 -05'00'
Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer
Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, o=University of North
Texas System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 14:55:57 -05'00'
Vice Chancellor/General Counsel

Schedule:

The transfer will be made after approval of the Board of Regents.

Recommendation:

It is recommended that the Board approve intercomponent transfers of FY2016 appropriations.

Recommended By:

Janet Waldron

Vice Chancellor for Finance

Lee
Jackson

Digitally signed by Lee Jackson
DN: cn=Lee Jackson, o=UNT System,
ou=Office of the Chancellor,
email=lee.jackson@untsystem.edu,
c=US
Date: 2016.08.09 17:02:21 -05'00'

Chancellor



Board Order

Title: Approval of Intercomponent Transfers of State Appropriations

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, state law requires governing board approval of intercomponent transfers of appropriations,

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

1. The request to the State Comptroller, pursuant to the appropriate transfer provisions of the General Appropriations Act of the 84th Legislature, to make necessary transfers within the Legislative Appropriations (and/or Informational Items of Appropriation) from the General Revenue Fund as authorized by the Chief Financial Officer of each entity as follows:

The University of North Texas
The University of North Texas Health Science Center at Fort Worth
The University of North Texas at Dallas
The University of North Texas System Administration

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Consent

Date Filed: July 5, 2016

Title: Approval of Tenure for New UNT Faculty Appointees

Background:

In accordance with UNT Policy 15.0.1.00000, *Faculty Appointment and the Granting of Tenure and Promotion*,

15.0.2.32000 Maximum Probationary Period

"The maximum probationary period is defined as the maximum amount of time a faculty member may be appointed in probationary ranks in the university. **This period shall be specified for each individual at the time of his or her initial appointment.** Except as otherwise stated in this and related sections of policy, the maximum probationary period is the equivalent of six years of full-time service in the university at the rank of assistant professor, or three years of full-time service in the university at the rank of associate or full professor."

"These provisions do not preclude a recommendation for the granting of tenure or a non-retention decision at any time prior to the expiration of the maximum probationary period."

15.0.6.31300 Review of Dossier by Provost

"Recommendations for tenure are sent to the President. The President then transmits his or her recommendations for tenure to the Board of Regents."

Douglas Anderson will join the College of Arts and Sciences, Department of Philosophy and Religion, as professor and department chair in August 2016. Dr. Anderson received a Bachelor of Arts (1980) from Moravian College and a Ph.D. (1984) in Philosophy from Pennsylvania State University. He joined Pennsylvania State University as an assistant professor in 1990, and was granted tenure and promoted to associate professor in 1994. In 2001 Dr. Anderson won the Penn State University Milton Eisenhower Award for Distinguished Teaching. Dr. Anderson began his current position in 2005, when he joined Southern Illinois University (SIU) as a tenured professor. He is the author of 5 monographs and is editor or coeditor of 7 edited-volumes, all published by reputable academic presses. Dr. Anderson has published 46 journal articles and 27 chapters in academic books. He has received 2 teaching grants and has directed 14 doctoral dissertations and master theses at SIU and has been an outside reviewer for 3 dissertations. Dr. Anderson has taught a wide range of courses and is active in student mentoring. He has served on several committees, served as undergraduate advisor, and served as an editor of a journal.

Kim Campbell will join the College of Arts and Sciences, Department of Technical Communications, as professor and department chair in July 2016. Dr. Campbell received

a Bachelor of Arts (1986) in English and a Ph.D. (1990) in English from Louisiana State University. Dr. Campbell is a tenured professor in the Department of Management at the University of Alabama. She joined the University of Alabama in 1997, was granted tenure and promoted to associate professor in 2001, and was promoted to professor in 2007. Dr. Campbell currently serves as Associate Dean for Accreditation & Continuous Improvement for the Culverhouse College of Commerce at the University of Alabama. Prior to her service at the University of Alabama, Dr. Campbell served at the Air Force Institute of Technology from 1992-1997. From 1990-1992, Dr. Campbell served as an assistant professor in the Department of English at Auburn University. Dr. Campbell's research record includes 1 published monograph, 32 peer-reviewed publications, 6 refereed books chapters, and 9 refereed conference proceedings. She was recognized with the Kitty O. Locker Outstanding Researcher Award for lifetime research contributions to the discipline as well as the Alfred N. Goldsmith Award for Outstanding Contributions to Engineering Communication. Dr. Campbell's teaching experience includes having taught multiple courses in the areas of technical and business communications.

Gerardo Cisneros will join the College of Arts and Sciences, Department of Chemistry, as an associate professor in September 2016. Dr. Cisneros received a Bachelor of Science (1999) in Chemistry from Universidad Nacional Autónoma de México and a Ph.D. (2004) in Chemistry from Duke University. Dr. Cisneros served as a postdoctoral fellow with Dr. Thomas A. Darden at the National Institute of Environmental Health Sciences from 2004-2009. He joined Wayne State University as an assistant professor of Chemistry in 2009, and was promoted to associate professor with tenure in 2015. His successful program in physical/biocomputational chemistry is evidenced by significant funding from the NIH and the NSF, which include a current \$1.3 million dollar NIH grant. Dr. Cisneros has been recognized with recent awards, which include the 2014 Dell-Intel Young Investigator award, the 2014 ACS Division of Computers in Chemistry Open-Eye Outstanding Junior Faculty award, and the 2015 Excellence in Teaching Award at Wayne State University.

Jehanne Dubrow will join the College of Arts and Sciences, Department of English, as an associate professor in September 2016. Dr. Dubrow received a Bachelor of Arts (1997) from the *Great Books* program at St. John's College, a Master of Fine Arts (2003) in Creative Writing from the University of Maryland, and a Ph.D. (2008) in English from the University of Nebraska-Lincoln. Dr. Dubrow currently serves as the Director of the Rose O'Neill Literary House and associate professor of English at Washington College. She joined Washington College as an assistant professor in 2008, and was granted tenure and promoted to associate professor in 2014. She has a consistent record of authored books, anthologies, and poetry. Her success has been recognized by numerous fellowships and awards, such as the 2015 finalist in the National Poetry Series, Finalist in the Open Book Competition in 2014, winner of Towson University Prize for Literature in 2012, and winner of the Alice Fay Di Castagnola Award for Poetry Society of America in 2012. Dr. Dubrow has taught a wide variety of courses. Her active service to her current department has included advising, course development, serving on search committees, and serving as the creative writing editor of the Washington College Review.

Dr. Kinshuk will join the College of Information as Dean and Professor of Learning Technologies in August 2016. Dr. Kinshuk, who goes by the single name Kinshuk, received a Bachelor of Engineering (1992) from Rajasthan University, India; a Master of Science (1993) in Mechanical Computer Aided Engineering from Strathclyde University Scotland; and a Ph.D. (1996) in Computer Aided Learning Philosophy from De Montfort University, England. He currently serves as Associate Dean for the Faculty for Science and Technology at Athabasca University, Canada. Prior to joining Athabasca, in 2006 as a tenured professor, Dr. Kinshuk served as an Associate Professor of Information Systems at Massey University in New Zealand,

achieving tenure in 2001. He has served in multiple higher education administrative roles, including Director of the School of Computing and Information Systems while at Athabasca, and Director of the Advanced Learning Technologies Research Centre while at Massey. Dr. Kinshuk is a renowned researcher and scholar with over 5,500 citations in Google Scholar with an h-index of 35. His accomplishments include editing 35 books, publishing over 120 refereed articles, and presenting over 300 conference papers.

Ian McGuire will join the College of Arts and Sciences, Department of English, as an associate professor in September 2016. Dr. McGuire received a Bachelor of Arts (1986) in English from the University of Manchester, a Master of Arts (1987) in 20th Century Literature from the University of Sussex, and a Ph.D. (1996) in English from the University of Virginia. Dr. McGuire has served at the University of Manchester since 1996. He is currently the co-founder and co-director of the Centre for New Writing at the University of Manchester. Dr. McGuire was awarded tenure at the University of Manchester in 2001 and was promoted again in 2003. Although academic job titles in the United Kingdom differ from those in the United States, his current United Kingdom rank is similar to an associate professorship in the United States. He is author of two successful novels; a scholarly monograph; and multiple short stories, essays, and scholarly articles. He has varied teaching experience which includes graduate-level creative writing as well as undergraduate courses in fiction writing and American literature. Dr. McGuire's service contributions at the University of Manchester have included the development of a successful reading series called *Literature Live*, as well as advising undergraduate students and supervising undergraduate dissertations.

John Richmond will join the College of Music as Dean and Professor of Music Education in August 2016. Dr. Richmond received a Bachelor of Science (1997) in Music Education from William Jewell College, a Master of Music (1980) in Choral Conducting from University of Missouri at Kansas City, and a Ph.D. (1990) in Music Education from Northwestern University. Dr. Richmond joined the Glenn Korff School of Music of the Hixson-Lied College of Fine and Performing Arts at the University of Nebraska-Lincoln in 2003, where he is currently a tenured professor, and is serving in his third term as the Director of the School of Music. Prior to his appointment at UNL, he served as a professor in the University of South Florida's School of Music, and obtained tenure in 1993. While at the University of South Florida, Dr. Richmond served as Interim Director of the School of Music, Associate Director of the School of Music, and Coordinator of Computer-Assisted Instruction. Dr. Richmond has numerous publications in premier journals and multiple presentations at renowned conferences. He has secured significant grants in faculty and administrative positions. Dr. Richmond is the founder of the Suncoast Music Education Conference, which attracts national research leaders, and is a long-standing leader for the National Association of Schools of Music.

Ananth Seetharaman will join the College of Business, Department of Accounting, as professor and department chair in August 2016. Dr. Seetharaman received a Bachelor of Commerce from St. Xavier's College, Calcutta India; and a Master of Business Administration (1990); Master of Taxation and Ph.D. (1991) from Georgia State University. Dr. Seetharaman currently serves as the EY Distinguished Professor of Accounting and the Chairperson of the department of accounting in the John Cook School of Business at Saint Louis University. He began his appointment at St. Louis University as an assistant professor in 1992 and was promoted to associate professor and granted tenure in 1997. In 2004, Dr. Seetharaman began his appointment as department chair and was promoted to full professor. Since this appointment Dr. Seetharaman has worked to foster a climate of cooperation and excellence in research, teaching, and service. Individually, his principal teaching interest is in taxation with a secondary interest in managerial accounting. He has taught tax and managerial accounting courses at the undergraduate- and graduate-levels, with consistently strong teaching evaluations. Dr. Seetharaman maintains an

active research agenda which includes several working papers, and papers published in high quality academic and practitioner journals.

Hong Wang will join the College of Arts and Sciences, Department of Chemistry, as an associate professor in September 2016. Dr. Wang received a Bachelor of Science (1990) in Chemistry from Shandong University, Jinan, China; a Master of Science (1993) in Inorganic Chemistry from Shandong University; and a Ph.D. (2003) in Organic Chemistry from the University of California - Davis. Dr. Wang is currently a tenured associate professor of chemistry at Miami University. She joined Miami University as an assistant professor in 2007 and was granted tenure and promoted to associate professor in 2013. Dr. Wang's success has been recognized with recent awards including the 2012 Distinguished Scholar award and the 2012 Theme Journal Award. She served as an invited grant proposal review panelist for the NSF Computer and Information Science and Engineering research programs and is currently serving as the publicity co-chair for the 2016 International Conference of Data Mining. Dr. Wang has published 32 refereed papers in journals and conferences, and has been involved in funded research totaling over \$720 million, including the NSF CAREER award in 2014.

Xuexia Wang will join the College of Arts and Sciences, Department of Mathematics, as an associate professor in September 2016. Dr. Wang received a Bachelor of Science (1993) in Math Education from Shandong Normal University, Jinan, China; a Master of Science (1996) in Quantitative Economics from Dongbei University of Finance and Economics, Dalian, China; a Ph.D. (2004) in Quantitative Economics from Capital University of Economics and Business, Beijing, China; a Master of Science in Statistics/Mathematical Sciences (2007) from Michigan Technological University; and a Ph.D. (2008) in Statistics/Mathematical Sciences from Michigan Technological University. She joined the University of Wisconsin - Milwaukee as an assistant professor in the Division of Biostatistics, School of Public Health in 2011, and was promoted to associate professor with tenure in 2016. Prior to joining the University of Wisconsin - Milwaukee, from 2010-2011, Dr. Wang worked as an Assistant Research Professor at the City of Hope National Medical Center in Duarte, California. From 2009-2010, she served as a postdoctoral researcher at the University of Pennsylvania School of Medicine. She has published 29 peer-reviewed papers, 20 of which are in the domain of public health, and 9 in the field of quantitative economics. She has also been actively involved in teaching, including teaching core courses such as statistical theory, statistical computing methods, and generalized linear models; and giving lectures in statistical genetics and bioinformatics. Dr. Wang has been very successful in obtaining extramural funding, with four currently funded research projects, including 2 NIH grants providing \$120,000 in annual funding.

Donghui Zhu will join the College of Engineering, Department of Biomedical Engineering, as an associate professor in September 2016. Dr. Zhu received a Bachelor of Science (1996) in Chemical Engineering from E China University of Science & Technology, a Master of Science (2001) in Chemical Engineering from Florida State University, a Master of Science (2003) in Biomedical Engineering from Washington University, and a Ph.D. (2006) in Bioengineering from the University of Missouri. He joined North Carolina A&T State University as an assistant professor in 2010 and was promoted to associate professor with tenure in 2016. Since 2010 Dr. Zhu has also served as a principal investigator at the National Science Foundation Engineering Research Center for Revolutionizing Metallic Biomaterials. Prior to joining North Carolina A&T State University, he served as a postdoctoral research associate at the University of Rochester Medical School and a research fellow at Columbia University Medical Center. Dr. Zhu has published over 50 refereed papers in journals and conferences and has been involved in funded research totaling \$1.3 million. He has taught a variety of courses, and has graduated 5 master-level students.

Financial Analysis/History:

In general, the award of tenure carries with it the assurance of continued employment absent the showing of good cause for termination.

Bob Brown

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Institution Chief Financial Officer

**Janet
Waldron**

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Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

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Vice Chancellor/General Counsel

Schedule:

Tenure will be awarded upon the approval of the Board of Regents on August 19, 2016 for the following individuals:

Douglas Anderson
Kim Campbell
Kinshuk
John Richmond
Ananth Seetharaman

Tenure will be awarded upon the approval of the Board of Regents for the following individuals first day of employment at the University of North Texas:

Gerardo Cisneros
Jehanne Dubrow
Ian McGuire
Hong Wang
Xuexia Wang
Donghui Zhu

Recommendation:

The President recommends that the Board of Regents authorize and approve the award of tenure for: Douglas Anderson, Kim Campbell, Gerardo Cisneros, Jehanne Dubrow, Kinshuk, Ian McGuire, John Richmond, Ananh Seetharaman, Hong Wang, Xuexia Wang, and Donghui Zhu.

Recommended By:

O. Finley Graves

Provost and VPaa

Neal
Smatresk

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President

Rosemary R.
Haggett

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Vice Chancellor

Lee Jackson

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Date: 2016.08.09 17:04:25 -05'00'

Chancellor



Board Order

Title: Approval of Tenure for New UNT Faculty Appointees

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, in accordance with UNT Policy 15.0.1.00000, *Faculty Appointment and the Granting of Tenure and Promotion*,

“The maximum probationary period is defined as the maximum amount of time a faculty member may be appointed in probationary ranks in the university,” and

Whereas, this period shall be specified for each individual at the time of his or her initial appointment,” and

Whereas, “these provisions do not preclude a recommendation for the granting of tenure at any time prior to the expiration of the maximum probationary period,” and

Whereas, all were awarded tenure at their previous institution, and

Whereas, all have the credentials and experience to be awarded tenure as confirmed by their department, college and provost, and

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

Confer tenure upon approval by the Board of Regents on August 19, 2016 for:

- Douglas Anderson
- Kim Campbell
- Kinshuk
- John Richmond
- Ananth Seetharaman

Confer tenure upon approval by the Board of Regents effective the first day of employment at the University of North Texas for:

- Gerardo Cisneros
 - Jehanne Dubrow
 - Ian McGuire
 - Hong Wang
 - Xuexia Wang
 - Donghui Zhu
-

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Consent

Date Filed: July 6, 2016

Title: Award of Honorary Degree

Background:

From time to time, UNT awards honorary doctoral degrees to recognize individuals for “meritorious contributions to society that have enlarged human understanding and enriched human life” (UNT Policy 15.1.16). An honorary Doctor of Humane Letters degree is recommended for Mrs. Sushma Swaraj during her anticipated visit to the Dallas-Fort Worth area in the Fall of 2016.

Mrs. Swaraj is the external affairs minister of India, the equivalent of the U.S. Secretary of State, and is only the second woman to hold this esteemed office (the first was Mrs. Indira Gandhi). Mrs. Swaraj has been elected seven times as a member of the country’s Parliament and three times as a member of the Legislative Assembly.

Mrs. Swaraj began practice as an advocate in the Supreme Court of India in 1973. Four years later, at the age of 25, she became the country’s youngest-ever cabinet minister, for the north Indian state of Haryana. She has continued to serve as a respected politician, holding national union cabinet minister positions and becoming the first woman to serve as chief minister of Delhi. She was educated at Sanatan Dharma College in Ambala Cantt, Haryana, and the Department of Laws at Panjab University in Chandigarh.

India is a major trading partner of the United States and annually sends more than 100,000 students to American higher education institutions, where they contribute to research and development and their regional economic impact while earning their degrees. In fall 2015, UNT had 490 students from India, the largest number of international students from any of the 131 countries represented.

Closer collaborations and expanded partnerships with other countries are critical to UNT’s mission of preparing students to become “thoughtful, engaged citizens of the world.” In addition to establishing the India Initiative Group in 2015 as a steering committee for the university’s student, research and local community engagements with India, UNT currently has five Memorandum of Agreements with institutions there, including the Indian Institute of Management Calcutta and the Mody University of Science and Technology.

An honorary doctorate for Mrs. Swaraj will recognize this international leader’s distinguished achievements for her service and increase UNT’s international reach within India and help raise awareness of UNT’s programs.

Financial Analysis/History:

There are no fiscal implications.

Bob Brown Digitally signed by Bob Brown
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Date: 2016.08.08 15:40:08 -05'00'

Institution Chief Financial Officer

Janet Waldron Digitally signed by Janet Waldron
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Chancellor for Finance,
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Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

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Texas System, ou=Office of General Counsel,
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Vice Chancellor/General Counsel

Schedule:

The Honorary Doctor of Humane Letters degree will be awarded to Mrs. Sushma Swaraj during her visit to the Dallas-Fort Worth area this fall.

Recommendation:

The President recommends, with the concurrence of the Chancellor, that the Board of Regents approve the award of the University of North Texas honorary degree, Doctor of Humane Letters, to Mrs. Sushma Swaraj.

Recommended By:

**Neal
Smatresk** Digitally signed by Neal Smatresk
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of North Texas, ou=President,
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President

**Rosemary R.
Haggett** Digitally signed by Rosemary R. Haggett
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Jackson** Digitally signed by Lee Jackson
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Vice Chancellor
Chancellor



Board Order

Title: Award of Honorary Degree

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, from time to time, UNT awards honorary doctoral degrees to recognize individual for "meritorious contribution to society that have enlarged human understanding and enriched human life," and

Whereas, Mrs. Sushma Swaraj is the external affairs minister of India, the equivalent of the U.S. Secretary of State. India is a major trading partner of the United States and annually sends more than 100,000 students to American higher education institutions, where they contribute to research and development and their regional economic impact while earning their degrees, and

Whereas, Mrs. Sushma Swaraj will be recognized during her visit to the Dallas-Fort Worth area this fall,

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

1. That Mrs. Sushma Swaraj be awarded an Honorary Doctor of Humane Letters degree from the University of North Texas,
 2. That this degree be conferred to Mrs. Swaraj during her next visit to the Dallas-Fort Worth area which is anticipated in the Fall of 2016.
-

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Consent

Date Filed: July 27, 2016

Title: Approval of UNTHSC Regents' Professor Recommendations

Background:

In accordance with Regents Rule 06.304, *Regents' Professors*:

The Board may award the designation of "Regents' Professor" to provide recognition and salary support for individuals at the rank of professor who have performed outstanding teaching, research and service to the profession, and who have achieved a high level of national and international recognition. To be considered, a candidate must meet the eligibility requirements set by the Institution and be recommended to the Board following the Institution's selection procedures. The Institution shall review Regents' Professors as required by Institution policy to determine continued eligibility for the position.

In accordance with UNT Health Science Center (UNTHSC) Policy 6.102, *Regents' Professor, Emeritus Professor, Emeritus Regents' Professor, and Emeritus Administrator Designations*,

The purpose of the Regents' Professor award at UNTHSC is to provide recognition and salary support for individuals at the rank of professor who have performed outstanding teaching, research and service to the profession, and who have achieved a high level of national and international recognition. To be eligible for this award, an individual must: 1) be a full-time, tenured professor; 2) have a distinguished record of teaching, research, and service to UNTHSC and to the profession, and a high level of national and international recognition; and 3) demonstrate evidence of the potential for continued distinguished performance. Candidates must submit, or have submitted on their behalf, at least four letters of support from full professors at the UNTHSC and two letters from scholars outside UNTHSC attesting to their national and international reputation. Nominations for the designation of Regents' Professor shall be made by the department chair to the appropriate school/college promotion and tenure committee. The promotion and tenure committee will conduct its review of the Regents' Professor candidate utilizing the promotion/tenure criteria for full professors within that school/college and submit their recommendation to the appropriate dean. The dean will then review the Regents' Professor candidate's packet and forward his/her recommendation to the Provost and Executive Vice President for Academic Affairs (Provost). Pending his/her review and support to continue the nomination, the Provost will forward his/her recommendation to the President for recommendation to the UNT System Board of Regents for approval. Only the Board of Regents may award the designation of Regents' Professor.

Having met the above eligibility requirements and selection procedures, the designation of "Regents' Professor" is recommended for the following individuals:

Dr. Abbot F. Clark for Regents' Professor

Dr. Abbot (Abe) Clark, Professor and Executive Director of the North Texas Eye Research Institute (NTERI), joined UNTHSC in 2008 following a stellar career at Alcon Laboratories, where he was Vice President for Discovery Research and Head of Glaucoma Research. Dr. Clark made the transition to academia remarkably well, and is an exemplary teacher in the classroom and the laboratory. Dr. Clark teaches in the Texas College of Osteopathic Medicine (TCOM), the Graduate School of Biomedical Sciences (GSBS), and the Physician Assistant Studies (PAS) program. His teaching evaluations and comments from the students are consistently exceptional and he has received many teaching awards, including the Golden Apple Award for Excellence in Teaching from the Graduate School, the Graduate Student Association Outstanding Faculty Award (twice) and the President's Award for Education Excellence (twice). Dr. Clark is also an excellent mentor of young scientists, having trained and helped to develop many doctoral students, postdoctoral fellows and entry-level faculty. Dr. Clark has made many seminal scientific discoveries and he is recognized as one of the leading glaucoma researchers in the world. He has published over 200 peer-reviewed papers and has a citation index that clearly puts him in a league of top national and international scientists. Dr. Clark holds over 80 patents and he led the development of several compounds that were advanced to clinical trials. His work at UNTHSC continues to be translational and is very focused on developing therapies that can treat or prevent vision loss. His lab has been consistently well-funded since joining UNTHSC, and he is a highly sought speaker for national and international conferences. Dr. Clark has served in an editorial role for *Experimental Eye Research*, *Molecular Vision*, *Molecular Degeneration*, and *Journal of Ocular Pharmacology and Therapeutics*. He has served on scientific review panels for the National Institutes of Health (NIH), the National Science Foundation (NSF), and many other agencies. Dr. Clark's strengths in research and leadership led to his appointment as Executive Director of the North Texas Eye Research Institute. He has been instrumental in its growth and development and NTERI is now regarded as a premier visual science institute nationally and internationally. At UNTHSC, he has served on a number of important school and university committees, including most recently completing service as chair of the Graduate School of Biomedical Sciences Promotion and Tenure Committee. Dr. Clark is also committed to serving the community. For many years he has done laboratory sessions at a local elementary school and has organized community-focused events. He has worked with local eye care providers in arranging vision tests for school children and eyeglasses for those in need. He truly goes above and beyond in leading his NTERI colleagues in being strong community members. Dr. Clark exemplifies the characteristics expected in those being nominated for a Regents' Professorship.

Dr. J. Thomas Cunningham for Regents' Professor

Dr. Thomas (Tom) Cunningham, Professor of the Institute for Cardiovascular and Metabolic Disease, has made excellent contributions to all missions of UNTHSC since his arrival in 2009. Dr. Cunningham teaches in both graduate and professional programs and he has served as a course director for multiple courses. He has received numerous teaching awards, including the UNTHSC Golden Apple Award for Excellence in Teaching, which he won in 2012. Dr. Cunningham provides exceptional mentoring to developing scientists and has trained five doctoral students and several master's students. He has served as the graduate faculty advisor for UNTHSC's Integrative Physiology doctoral program since 2010. Dr. Cunningham has also trained several postdoctoral fellows, two of which received very competitive fellowships from the American Heart Association (AHA) while under his mentorship. He is an exceptional scientist widely recognized for his work delineating mechanisms by which the brain regulates blood pressure and fluid homeostasis. Dr. Cunningham has been consistently supported by major funding agencies, including a NIH RO1 focused on the regulation of vasopressin release that has been funded for over a decade and was recently renewed through 2018. He is a project leader of a NIH Program Project Grant, the focus of which is to understand how the brain controls cardiovascular activity during sleep apnea. Dr. Cunningham was awarded the President's Award for Research Excellence at UNTHSC in 2012. He has received similar awards recognizing his

research contributions. Dr. Cunningham is also fully committed to service. Since joining UNTHSC, he has had seminal roles on several critical committees at the UNTHSC. Some examples include the Graduate Faculty Council, the Research Advisory Council, and the Graduate School Bylaws Committee which he chaired from 2009-2014. He served as the Director of the Cardiovascular Research Institute for several years and helped to significantly grow its impact at UNTHSC and beyond. Service to his broader scientific field is impressive and he has served in many capacities. For example, Dr. Cunningham currently serves on NIH study sections and has chaired the cardiorenal study section for the AHA. He is currently on the editorial board of the journal *Hypertension*, and was an editorial board member of *Experimental Neurology* for several years. He has held leadership positions in the American Physiological Society and has organized national scientific meetings. Dr. Cunningham is an exceptional faculty member in all respects and highly deserving of the distinction of Regents' Professor.

Financial Analysis/History:

The designation of Regents' Professor carries with it a one-time salary adjustment of \$10,000 to base compensation for the term of the appointment.

Gregory R.
Anderson

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Institution Chief Financial Officer

Janet
Waldron

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ou=Vice Chancellor for Finance,
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c=US
Date: 2016.08.08 12:42:03 -05'00'

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer

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Texas System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
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Vice Chancellor/General Counsel

Schedule:

Effective September 1, 2016.

Recommendation:

The President recommends that the Board of Regents approve the awarding of "Regents' Professor" designation to Dr. Abbot Clark and Dr. Thomas Cunningham.

Recommended By:

Thomas Yorio

Provost and Executive VP for
Academic Affairs

Michael R.
Williams

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President

Rosemary R.
Haggett

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Vice Chancellor

Lee
Jackson

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Chancellor



Board Order

Title: Approval of UNTHSC Regents' Professor Recommendations

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent and seconded by Regent , the Board approved the motion presented below:

Whereas, in accordance with Regents Rule 06.304, *Regents' Professors*:

The Board may award the designation of "Regents' Professor" to provide recognition and salary support for individuals at the rank of professor who have performed outstanding teaching, research and service to the profession, and who have achieved a high level of national and international recognition, and

Whereas, the eligibility requirements and selection process was followed in accordance with UNT Health Science Center (UNTHSC) Policy 06.102, *Regents' Professor, Emeritus Professor, Emeritus Regents' Professor, and Emeritus Administrator Designations*,

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

1. The awarding of "Regents' Professor" designation effective September 1, 2016 for:
 - Dr. Abbot Clark
 - Dr. Thomas Cunningham

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



Board Briefing

Committee: Consent

Date Filed: July 8, 2016

Title: Authorization to Execute an Agreement Between UNTHSC and Tarrant County to Provide Physician Services for the Tuberculosis Elimination Program of the Tarrant County Public Health Department

Background:

The Tarrant County Public Health Department (TCPH) administers a Tuberculosis Elimination Program (hereafter referred to as "*TB Program*"). Tarrant County wishes to renew the contract with UNTHSC for UNTHSC physicians to continue to provide medical coverage for the TB Program. The contracted services also include approving and updating annually the evaluation and treatment protocols for the program, oversight of TB staff involved in the screening, evaluation and treatment of clients and providing medical diagnostic and treatment services for refugees, persons with, suspected to have, or who have been exposed to tuberculosis.

Financial Analysis/History:

Tarrant County contracts for staff physician services for the Tuberculosis Elimination Program administered by TCHD at a rate of \$110.00 per hour for approximately 40 hours per week. Clinical revenue paid under the contract for these services during FY2015 is approximately \$205,920. UNTHSC expects to receive up to \$228,800 for services rendered under the renewal term.

Digitally signed by Gregory R. Anderson
DN: cn=Gregory R. Anderson, o=UNTHSC, ou=Interim Chief Financial Officer, email=gregory.anderson@unthsc.edu, c=US

Institution Chief Financial Officer

Digitally signed by Janet Waldron
DN: cn=Janet Waldron, o=UNT System, ou=Vice Chancellor for Finance, email=janet.waldron@untsystem.edu, c=US

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Digitally signed by Nancy S. Footer
DN: cn=Nancy S. Footer, o=University of North Texas System, ou=Office of General Counsel, email=nancy.footer@untsystem.edu, c=US

Vice Chancellor/General Counsel

Schedule:

October 1, 2016 to September 30, 2017

Recommendation:

It is recommended that the Board of Regents authorize and approve the execution of the contract between UNTHSC and Tarrant County for UNTHSC to provide physician services for the Tuberculosis Elimination Program of the Tarrant County Public Health Department.

Recommended By:

Gregory R. Anderson

Institution Chief Financial Officer

Michael R.
Williams

Digitally signed by Michael R. Williams
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President

Lee
Jackson

Digitally signed by Lee Jackson
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Date: 2016.08.09 17:07:59 -05'00'

Chancellor

Attachments Filed Electronically:

- Contract for Services "Tarrant County Public Health TB Physician contract"



Board Order

Title: Authorization to Execute an Agreement Between UNTHSC and Tarrant County to Provide Physician Services for the Tuberculosis Elimination Program of the Tarrant County Public Health Department

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016, pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, UNTHSC has the resources to provide physician services to treat and manage Tuberculosis, and

Whereas, Tarrant County wishes UNTHSC to provide physician services in its Tuberculosis Elimination Program at the Tarrant County Public Health Department, and

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

1. Execution of an agreement between Tarrant County and UNTHSC for provision of physician services to the Tarrant County Health Department for the Tuberculosis Elimination Program.
-

VOTE: ____ ayes ____ nays ____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents



STATE OF TEXAS §
§
COUNTY OF TARRANT §

CONTRACT FOR SERVICES

BACKGROUND

This contract for services is between Tarrant County, Texas ("COUNTY") and University of North Texas Health Sciences Center at Fort Worth ("PROVIDER") pursuant to Chapter 791 of the Texas Government Code (Interlocal Cooperation Act) for the purpose of providing medical physician consultant services. The Commissioners Court finds that this contract serves a public purpose and serves the public welfare of the citizens of Tarrant County, Texas.

CONTRACT FOR SERVICES

1. SCOPE OF SERVICES

PROVIDER will perform:

- 1.1 Upon approval of the County Public Health Director, PROVIDER shall appoint physicians as needed to serve as staff physician for the Tuberculosis Elimination Program (hereafter referred to as "TB") for approximately forty (40) hours per week and for additional hours as needed from time to time to assure adequate medical coverage; such services also include approving and updating annually the evaluation and treatment protocols for the program; oversee TB staff in the screening, evaluation and treatment of clients; and, provide medical diagnostic and treatment services for refugees, persons with, suspected to have, or who have been exposed to tuberculosis.
- 1.2 PROVIDER shall ensure that all physician service providers maintain adequate professional liability insurance coverage, evidence of which is to be submitted in advance to COUNTY.
- 1.3 In addition, PROVIDER shall ensure that all physician service providers have been fully credentialed and privileged by PROVIDER, evidence of which is to be submitted in advance to COUNTY.

Furthermore, PROVIDER affirms that there are currently no restrictions on the health professional license(s) of any of PROVIDER's associates or employees who might perform services to COUNTY. PROVIDER agrees to notify COUNTY within seven days of any adverse actions pending or taken against such license(s) and to immediately suspend

providing services specified in this agreement until COUNTY determines whether or not to continue this agreement.

- 1.4 Furthermore, PROVIDER shall ensure that the COUNTY has been provided full contact information for all physician service providers who have been fully credentialed and privileged by PROVIDER to provide the services as described therein, evidence of which is to be submitted in advance to COUNTY.
- 1.5 COUNTY shall maintain a schedule of the days and hours PROVIDER is to provide services and submit in advance (60 [sixty] days) any permanent changes to PROVIDER. PROVIDER shall ensure physician services providers maintain the agreed upon schedule without interruption or absence. PROVIDER shall notify the COUNTY in advance (60 [sixty] days) if the PROVIDER via their physician service providers is unable to maintain the agreed schedule. COUNTY and PROVIDER further agree to make mutual accommodations for schedule variations that might arise from time to time. COUNTY and PROVIDER further agree that services are not expected on days approved as holidays by the Tarrant County Commissioners Court.

2. TERM

This contract begins on October 1, 2016 and concludes on September 30, 2017.

3. COST

COUNTY agrees to pay PROVIDER at a rate of \$110.00 per hour, not to exceed \$228,800. Monthly payments will be issued pending verification of the hours of work performed. PROVIDER via their physician service providers will submit Time and Attendance forms countersigned by the appropriate and applicable Tarrant County Public Health Division Manager on a monthly basis to the Tarrant County Public Health Department, Attention: Associate Director, 1101 S. Main Street, Fort Worth, Texas 76104, detailing the hours of services provided to COUNTY:

- 3.1. PROVIDER will bill for services performed in accordance with this contract;
- 3.2. PROVIDER will send a monthly invoice by 15th of each month to Tarrant County Public Health, 1101 South Main, Suite 2421, Fort Worth, Texas 76104;
- 3.3. PROVIDER's invoice will detail the services provided;

4. FINANCIAL RESPONSIBILITY

PROVIDER is responsible for its incurred expenses in performing this contract unless otherwise noted. To the extent permitted by the Constitution and the laws of the State of Texas, PROVIDER indemnifies and holds harmless the COUNTY against any and all claims, lawsuits, settlements, judgments, costs, penalties and expenses, including attorney's fees, with respect to PROVIDER's performance of this contract.

5. AGENCY-INDEPENDENT CONTRACTOR

PROVIDER is an independent contractor. COUNTY will not direct the PROVIDER in the details of performing its duties. PROVIDER and its employees are not agents of the COUNTY. COUNTY and its employees are not agents of PROVIDER. This contract does not entitle PROVIDER to any benefit, privilege or other amenities of employment with the COUNTY. This contract does not entitle COUNTY to any benefit, privilege or other amenities of employment with the PROVIDER.

6. ASSIGNMENT

Neither party may assign this contract without the prior written consent of the other party.

7. THIRD PARTY BENEFICIARY EXCLUDED

This contract does not protect any specific third party. The intent of this contract excludes the idea of a suit by a third party beneficiary. The parties to this contract do not consent to the waiver of sovereign immunity under Texas law to the extent either party may have that immunity under Texas law.

8. MISCELLANEOUS

This contract supersedes all prior representations. The parties may amend this contract by subsequent written amendments. The parties will not amend this contract orally. The laws of the State of Texas govern this contract. Venue for any action regarding this contract must be in the district courts of Tarrant County, Texas.

9. TERMINATION

Either party may terminate this contract without cause by:

- 9.1. Providing written notice to the other party at least 30 days prior to the date of termination;
- 9.2. Providing, in the written notice, the date of termination;
- 9.3. Sending the written notice by certified mail, return receipt requested to the party at its address.

10. 1295 COMPLIANCE Provider_ acknowledges that it is a “governmental entity” and not a “business entity” as those terms are defined in Tex. Gov’t Code § 2252.908, and therefore, no disclosure of interested parties pursuant to Tex. Gov’t Code Section 2252.908 is required.

111. PARTIES' ADDRESSES

COUNTY:

COUNTY
Tarrant County Public Health
1101 South Main, Suite 2421
Fort Worth, TX 76104

PROVIDER:

PROVIDER
University of North Texas Health
Sciences Center at Fort Worth (UNTHSC)
3500 Camp Bowie Blvd.
Fort Worth, TX 76107

COUNTY OF TARRANT
STATE OF TEXAS

PROVIDER

B. Glen Whitley
County Judge

Don Peska, DO, MEd
Interim Chief Medical Officer of UNT Health

John Harman, MBA, CPA, CGMA, CMPE
Senior Vice President for Finance
and CFO

APPROVED on this ____ day of _____, 2016, by Commissioners Court.

Court Order No. _____

APPROVED AS TO FORM:

Criminal District Attorney's Office*

*By law, the Criminal District Attorney's Office may only approve contracts for its clients. We reviewed this document as to form from our client's legal perspective. Other parties may not rely on this approval. Instead those parties should seek contract review from independent counsel.

CERTIFICATION OF AVAILABLE FUNDS: \$_____

Tarrant County Auditor



**DEBARMENT/SUSPENSION CERTIFICATION
INDICATING THAT YOU ARE IN COMPLIANCE
WITH THE BELOW FEDERAL EXECUTIVE ORDER**

DEBARMENT:

Federal Executive Order (E.O.) 12549 "Debarment and Suspension" requires that all contractors receiving individual awards, using federal funds, and all sub-recipients certify that the organization and its principals are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from doing business with the Federal Government.

Your signature certifies that neither you nor your principal is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

Name: John Harman, MBA, CPA, CGMA, CMPE

Company: University of North Texas Health Sciences Center at Fort Worth

Address: 3500 Camp Bowie Boulevard

Address: Fort Worth, TX 76107

Phone: (817) 735-2523

Fax: (817) 735-5050

E-mail: John.harman@unthsc.edu

Signature

Date



Central Contractor Registration & DUNS

Central Contractor Registration (CCR) -

Identifying to first-tier sub recipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c).

BUSINESS OR ORGANIZATION NAME:

Central Contractor Registration (CCR) Expiration Date: _____

DUNS Number: _____

Your signature certifies that the above number is assigned to the organization listed above.

_____ (Name)

_____ (Company/Organization)

_____ (Address)

_____ (City, State, Zip Code)

PHONE _____ FAX _____

EMAIL _____

_____ Signature _____ Date

Failure to accurately complete and return this document with your bid will result in rejection of bid.



Board Briefing

Committee: Consent

Date Filed: July 8, 2016

Title: Authorization for UNTHSC to Execute a Sub-award with Tarrant County Public Health on Centers for Disease Control Grant 200-2011-41271

Background:

UNTHSC received a grant from the Centers for Disease Control (CDC) for approximately \$4.2 million in 2011. The PI on this grant is Dr. Thaddeus Miller. Tarrant County Public Health plays an integral part in performance of the research for this grant as a Sub-awardee. In accordance with CDC's policies, the CDC grant is authorized and issued on an annual basis, and a new sub-award must be entered into with Tarrant County Public Health in connection with each annual authorization. The new sub-award is to continue the research with Tarrant County Public Health for the grant period 9/29/2016 to 9/28/2017 under the CDC grant.

Financial Analysis/History:

This sub-award provides \$124,859.00 to Tarrant County Public Health for facilitating UNTHSC's successful performance of task order #1 of the CDC grant. TCPH will act as UNTHSC's enrollment and primary work site and will implement and perform activities as required within its TB, Refugee, and other appropriate clinics. The prime award was granted to UNTHSC by the CDC in 2011, and is re-issued annually. This work is a continuation of the work performed by Tarrant County Public Health for the grant period of 9/29/2015 to 9/29/2016 as a subawardee under the CDC grant.

Gregory R. Anderson
Digitally signed by Gregory R. Anderson
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Officer,
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c=US
Date: 2016.08.05 15:24:20 -0500

Institution Chief Financial Officer

Janet Waldron
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ou=Vice Chancellor for Finance,
email=janet.waldron@untsystem.edu,
c=US
Date: 2016.08.08 12:43:36 -0500

Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Nancy S. Footer
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Texas System, ou=Office of General Counsel,
email=nancy.footer@untsystem.edu, c=US
Date: 2016.08.05 13:34:29 -0500

Vice Chancellor/General Counsel

Schedule:

Grant period is 9/29/16 to 9/28/17, the contract is expected to be renewed annually under a new sub-award for the remainder of the CDC grant term, which expires 9/28/2021.

Recommendation:

That the Board of Regents approve the execution of the sub-award to Tarrant County Public Health for the term of September 29, 2016 through September 28, 2017 under CDC Grant 20-2011-41271.

Recommended By:

Gregory R. Anderson
Institution Chief Financial Officer

Michael R.
Williams

Digitally signed by Michael R. Williams
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President

Lee
Jackson

Digitally signed by Lee Jackson
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Date: 2016.08.09 17:09:11 -05'00'

Chancellor



Board Order

Title: Authorization for UNTHSC to Execute a Sub-award with Tarrant County Public Health on Centers for Disease Control Grant 200-2011-41271

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on August 18-19, 2016 pursuant to a motion made by Regent _____ and seconded by Regent _____, the Board approved the motion presented below:

Whereas, Tarrant County Public Health acts as UNTHSC's Tuberculosis Epidemiologic Studies Consortium (TBESC) enrollment and primary work site for CDC's task order # 1 for the grant entitled "Prospective Comparison of the Tuberculin Skin Test (TST) vs. Interferon Gamma Release Assays (IGRAs) in Diagnosing Latent Tuberculosis Infection (LTBI) and in Predicting Progression from LTBI to Active Disease."; and implements and performs activities as required within its TB, Refugee, and other appropriate clinics, and

Whereas, the current sub-award to Tarrant County Public Health expires on September 28, 2016, and

Whereas, the parties wish to execute the sub-award to renew the term and add funds for the period of September 29, 2016 through September 28, 2017 in accordance with the CDC grant issued for the new term,

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

1. Delegation of Authority to the UNTHSC President to negotiate, approve, and sign the sub-award to Tarrant County Public Health for the term of September 29, 2016 through September 28, 2017

VOTE: _____ ayes _____ nays _____ abstentions

BOARD ACTION:

Attested By:

Approved By:

Rosemary R. Haggett, Secretary
Board of Regents

Brint Ryan, Chairman
Board of Regents