Appendix Book - November 14, 2024 Board of Regents Meeting

UNTS Acronym List

UNTS Acronym List rv 3.3.21

FINANCE COMMITTEE

Presentation

Quarterly Financial Update

AUDIT COMMITTEE

Compliance Background Reports

UNTSA Quarterly Compliance Report

UNT Quarterly Compliance Reports

HSC Quarterly Compliance Report

UNT Dallas Quarterly Compliance Report

UNT System Acronym List

ACT   American College Testing: a standardized test used for college admissions

ASF   Assignable Square Feet

AUX   Auxiliary Reserves

BOR   Board of Regents

BSC   Business Service Center

BSS   Business Support Services

CAE   Chief Audit Executive

CAFR   Comprehensive Annual Financial Report

CIA   Chief Internal Auditor

CIP   Capital Improvement Plan

CIP   Construction in Progress

CM   Construction Manager

CMAR   Construction Manager at Risk

CO   Change Order

COL   College of Law

CP   Commercial Paper

DEI   Diversity, Equity and Inclusion

FTE   Full Time Equivalent: generally used in reference to Full Time Student Equivalent (FTSE) but can also be used in reference to Full Time Faculty Equivalent (FTFE). See FTSE or FTFE below for definitions.

FTIC   First Time in College: a student who has never enrolled in a college or university. Students who have earned college credits only through dual credit courses are still considered FTIC.

FTSE   Full Time Student Equivalent: is computed by dividing headcount enrollment by a set number of semester credit hours based on the rank of the student (Undergraduate FTSE = 15 SCH; Masters and Special Professional FTSE = 12 SCH; Doctoral FTSE = 9 SCH). FTSE is generally lower than headcount enrollment because of part time students.

FTFE   Full Time Faculty Equivalent: a measure of instructional faculty calculated from the percent of time directly related to teaching.

FY   Fiscal Year

GAI   General Academic Institution

GMAT   Graduate Management Admission Test: a standardized test for admission into graduate programs of business schools.

GME   Graduate Medical Education: clinical training following graduation from medical school leading to specialty certification. Texas, like most states, requires one year of graduate medical education to be eligible for state licensure. Also called residency training.

GSF   Gross Square Feet

HEAF   Higher Education Assistance Fund (also known as HEF)

HERRF   Higher Education Emergency Relief Fund

HR   Housing Reserve

HR   Human Resources

HRI   Health-Related Institution

HSC   Health Science Center

HUB   Historically Underutilized Business

IA   Internal Audit

LAR   Legislative Appropriations Request

MCAT   Medical College Admission Test: a standardized test for admission into medical school

MP   Master Plan

NACUBO	National Association of College and University Business Officers
OBS	Office of the Board Secretary
OGC	Office of General Counsel
OGCA	Office of Grants & Contract Administration
OFPC	Office of Facilities Planning and Construction
P3	Public-Private Partnership (also known as PPP)
PM	Project Manager
PP	Private Placement
PUF	Permanent University Fund: a sovereign wealth fund created by the State of Texas to support higher education at the University of Texas System and Texas A&M System, but not other public higher education systems or institutions in Texas
PSAT	Preliminary Scholastic Aptitude Test: used to prepare high school students who plan to take the SAT for admission to college. (See SAT below)
QEP	Quality Enhancement Plan: required for reaffirmation of accreditation by SACSCOC. The QEP describes a carefully designed and focused course of action that addresses a well-defined topic or issue(s) related to enhancing student learning.
RB	Revenue Bonds
RFP	Request for Proposal
RFQ	Request for Qualifications
RFS	Revenue Financing System Bonds
RPTC	Reappointment, Promotion, and Tenure Committee
RR	Regents Rules
SACS	Southern Association of Colleges and Schools: a shortened abbreviation for "SACSCOC." (See below).
SACSCOC	Southern Association of Colleges and Schools Commission on Colleges: the recognized regional accrediting body for institutions of higher education that

award associate, baccalaureate, masters or doctoral degrees in eleven U.S. Southern states.

SAT   Scholastic Aptitude Test: A standardized test for college admissions.

SCH   Semester Credit Hour: the unit of measuring educational credit, usually based on the number of classroom/instructional hours per week throughout a term.

SF   Student Fees

SF   Square Feet

SFP   Statement of Financial Position

SRECNP   Statement of Revenues, Expenses and Changes in Net Position

STEM   Science, Technology, Engineering and Math

TAMS   Texas Academy of Mathematics and Science: the nation's first early college entrance residential program for gifted high school aged students

THC   Texas Historical Commission

THECB   Texas Higher Education Coordinating Board: a nine member board appointed by the Governor that provides coordination of higher education in Texas and was created by the Texas Legislature in 1965.

TRB   Tuition Revenue Bond

T/TT   Tenured/Tenure Track Faculty: faculty who hold the ranks of assistant professor, associate professor, and professor prior to or after the awarding of tenure.

VC   Vice Chancellor

UNTS Board of Regents

FY 2024 Q4 YTD Financial Update

Susan Alanis, Deputy Chancellor for Finance & Operations
November 14, 2024

Enterprise Guiding Principles

- Continue to develop/update **financial policies and practices** to:
  - Manage risk (reserve policy; fiscal health ratios) and maintain appropriate liquidity
  - Support operations (effective/efficient resource management and forecasting)
  - Invest in capital renewal (deferred maintenance strategy and master planning of built environment)
  - Preserve credit rating and flexibility to pursue strategic initiatives
- Establish **financial strategies and objectives** for:
  - Philanthropy
  - Research and Other Grants

Key Financial Drivers
FY2024 Year-End

- Current revenue exceeded current expenditures with enterprise-wide **contributions to fund balance of $54.2m**

    - **Sales of Goods & Services** increases driven by multiple streams of revenue including UNT's athletics and meal plans

    - Increased **Grants and Contracts** from Pell, Texas Grants and AIM-AHEAD
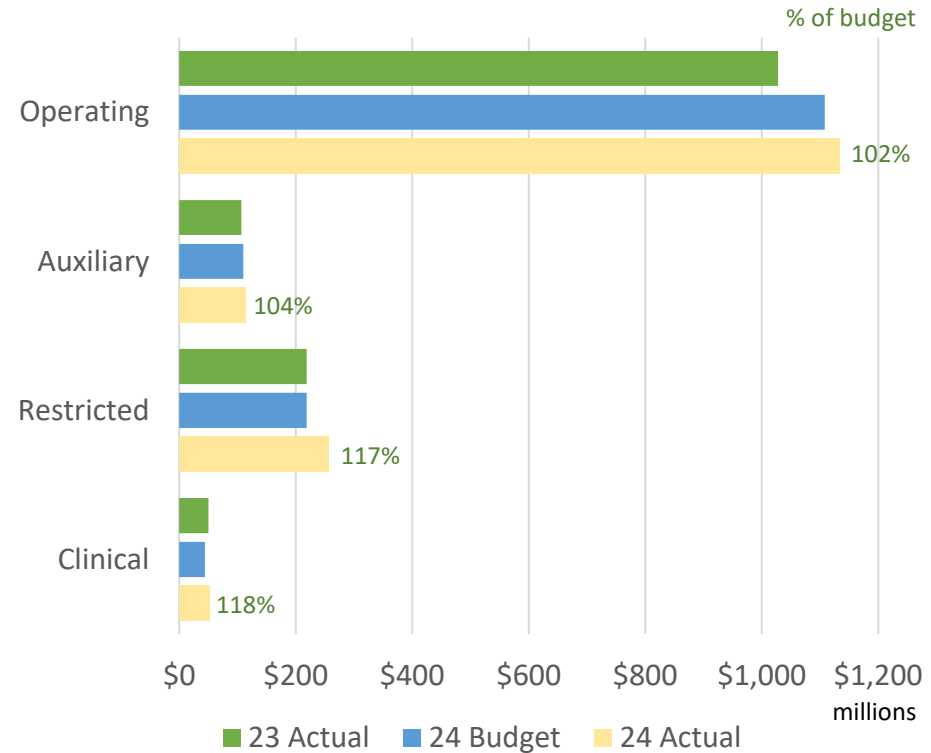
    - Texas University Fund (TUF) distribution ($21m)

FY 2024 Q4 YTD Budget Performance
UNTS Consolidated
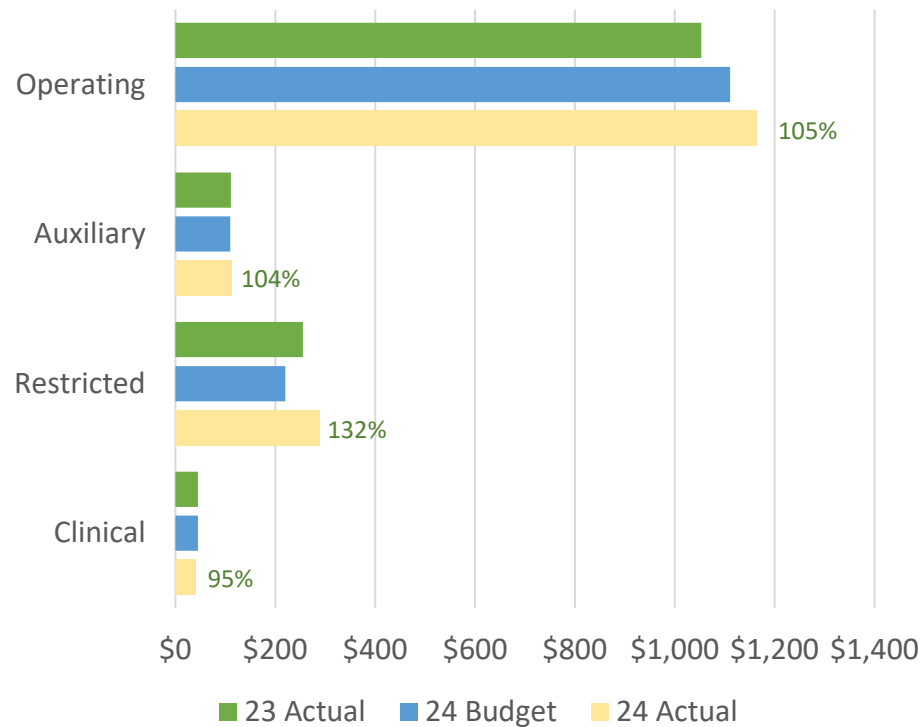
Net Impact to Fund Balance
Operating $30.4m + Auxiliary $0.1m + Restricted $33.2m + Clinical -$9.6m = **$54.2m**

FY 2024 Q4 YTD Budget Performance

Revenues and Transfers-In Drivers (received 108% of budget):

- **Sales of Goods and Services** is 12% higher than planned due to increases in Health and Wellness Center revenue, athletics and meal plans (offset by increased expenses)
- **Grants and Contracts** higher than budget because increased Pell and Texas Grants received
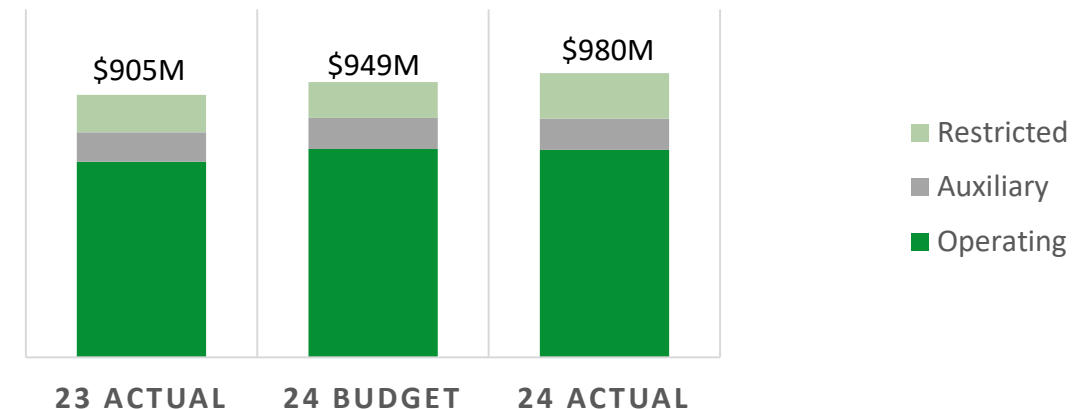- **Transfers In** increased over prior year and budget due to Texas University Fund (TUF)
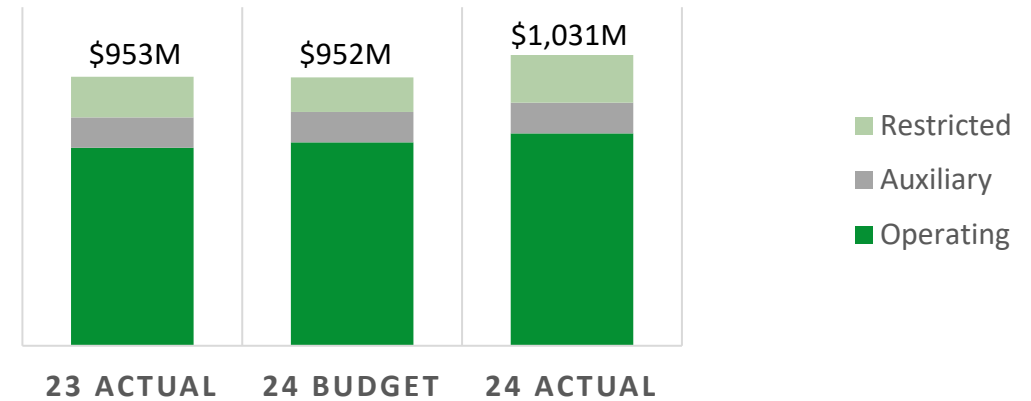
Expenses and Transfers-Out Drivers (spent 103% of budget):

- **Personnel Costs** expended 102% of budget
- **Scholarships and Financial Aid** is 10% over budget due to increase in Grants and Contracts revenue

Net impact to fund balance $50.6M; $37.4M operating, $0.8M auxiliary and 12.4M restricted.

REVENUES & TRANSFERS IN

$953M	$952M	$1,031M
23 ACTUAL	24 BUDGET	24 ACTUAL

Restricted
Auxiliary
Operating

EXPENSES & TRANSFERS OUT

$905M	$949M	$980M
23 ACTUAL	24 BUDGET	24 ACTUAL

Restricted
Auxiliary
Operating

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5

FY 2024 Q4 YTD Budget Performance

Revenues and Transfers-In Drivers (received 110% of budget):

- **Grants and Contracts** higher than budget by $24m/30% over budget driven mostly by AIM-Ahead carryover revenue from FY23 and Health & Aging Brain Study revenue
- **State Appropriations** slightly higher than budget due to increased benefit appropriation for faculty and staff hiring related to the College of Nursing
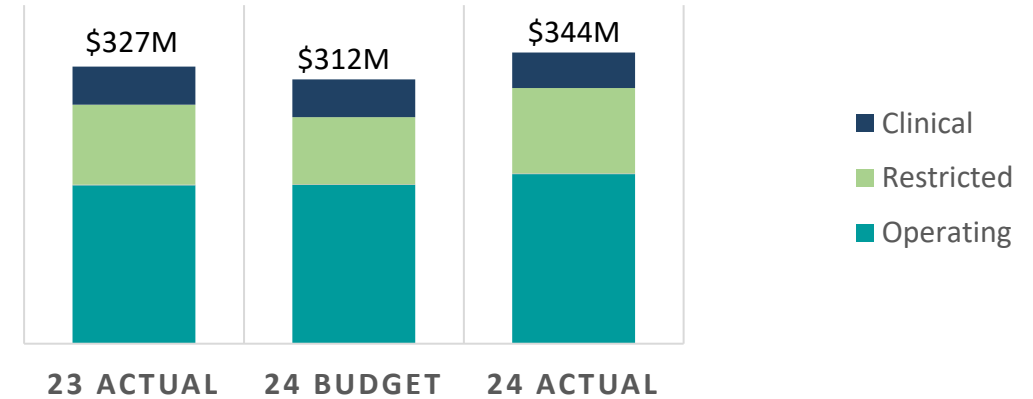
Expenses and Transfers-Out Drivers (spent 111% of budget):

- **Personnel Costs** expended 103% of budget
- **Maintenance & Operation Costs** expended more than plan due to higher than expected grant activity; reflected as operating loss but offset by indirect cost revenues from grants recorded in the restricted funds
- **Clinical operations** had an operating loss of $3M; the additional 1115 Waiver recoupment of $6.9M is recorded in this fiscal year consuming a portion of clinical reserves
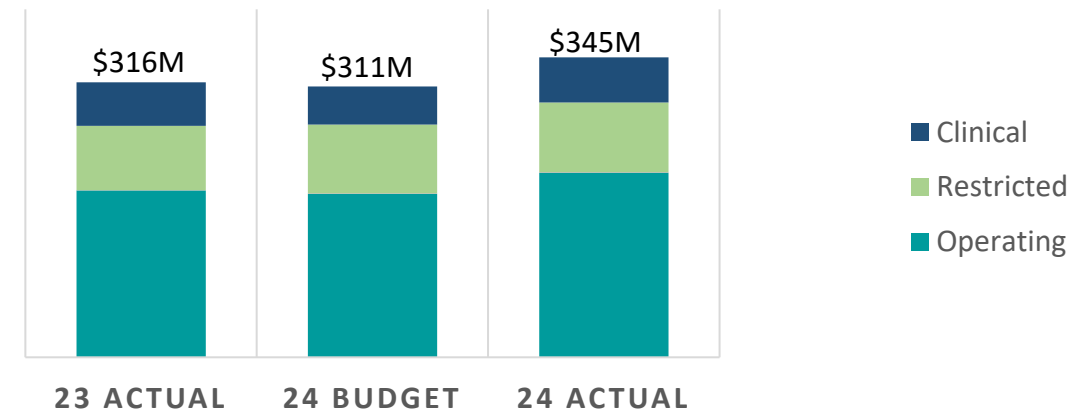
> Net impact to fund balance -$0.6M;
> $4.3M operating*, $0.1M auxiliary, $4.6M restricted*, and -$9.6M clinical.

*Facility and Admin expenses associated with sponsored projects netted against restricted funds for reporting clarity

REVENUES & TRANSFERS IN

	$327M	$312M	$344M
	23 ACTUAL	24 BUDGET	24 ACTUAL

Legend: Clinical, Restricted, Operating

EXPENSES & TRANSFERS OUT

	$316M	$311M	$345M
	23 ACTUAL	24 BUDGET	24 ACTUAL

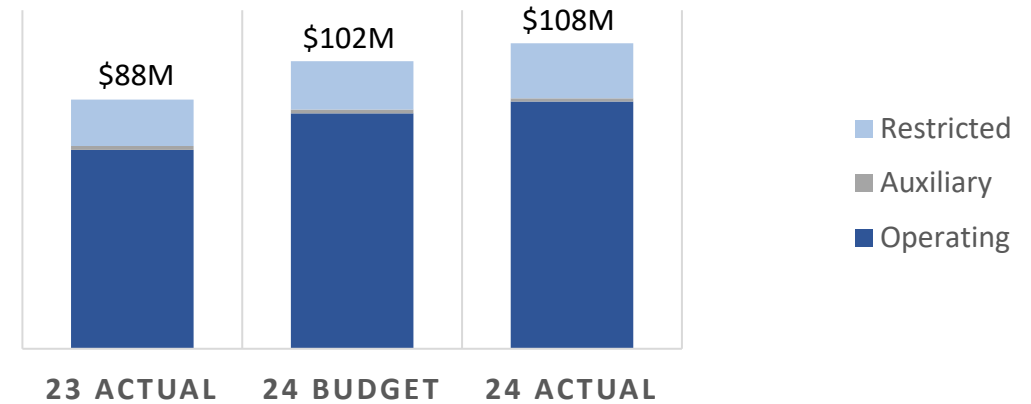Legend: Clinical, Restricted, Operating

FY 2024 Q4 YTD Budget Performance

Revenues and Transfers In Drivers (received 106% of budget):

- **Sales of Goods and Services** higher than budget by 18% for additional training programs delivered by UNT Dallas to external groups
- **Grants and Contracts** ended 12% higher than budget due to Pell grant revenue exceeding budget by $1.8M and Sponsor Project activity by $1.0M
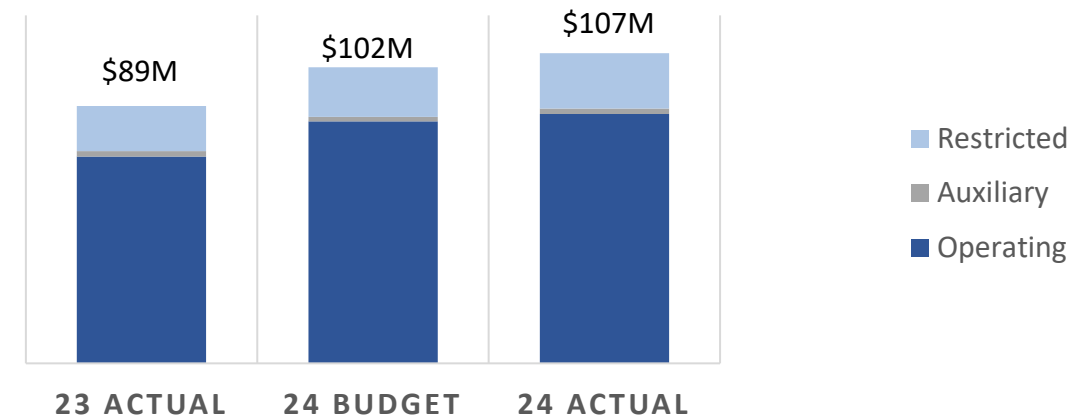
Expenses and Transfers Out Drivers (spent 105% of budget):

- **Personnel Costs** are 99% expended of budget
- **Scholarships and Financial Aid** higher than expected due to Pell grants and sponsored project scholarships increases

Net impact to fund balance $1.4M;
$1.5M operating, -$0.6M auxiliary and $0.5M restricted.

REVENUES & TRANSFERS IN

$88M	$102M	$108M
23 ACTUAL	24 BUDGET	24 ACTUAL

Restricted
Auxiliary
Operating

EXPENSES & TRANSFERS OUT

$89M	$102M	$107M
23 ACTUAL	24 BUDGET	24 ACTUAL

Restricted
Auxiliary
Operating

FY 2024 Q4 YTD Budget Performance

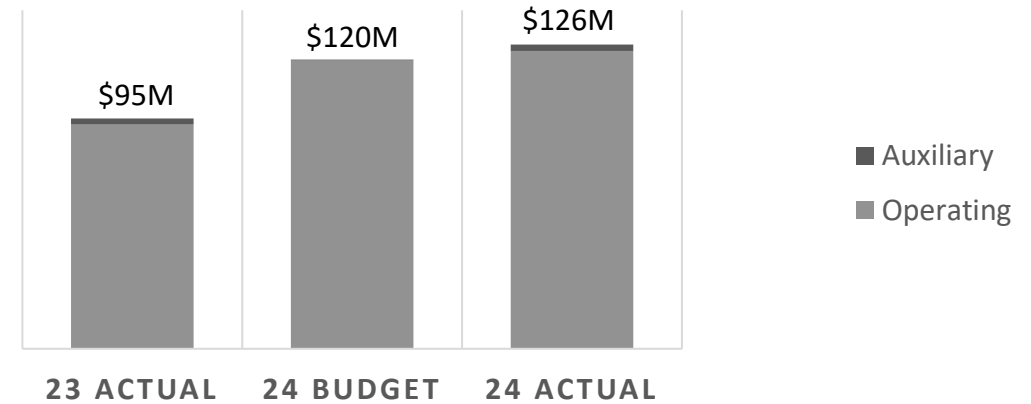Revenues and Transfers-In Drivers (received 105% of budget):

- **Sales of Good and Services** higher than budget due to building related revenue not included in the FY24 Budget
- **Other revenue** higher than budget by 700k due to unplanned IT revenue for DATCU Stadium and elevator expense reimbursement

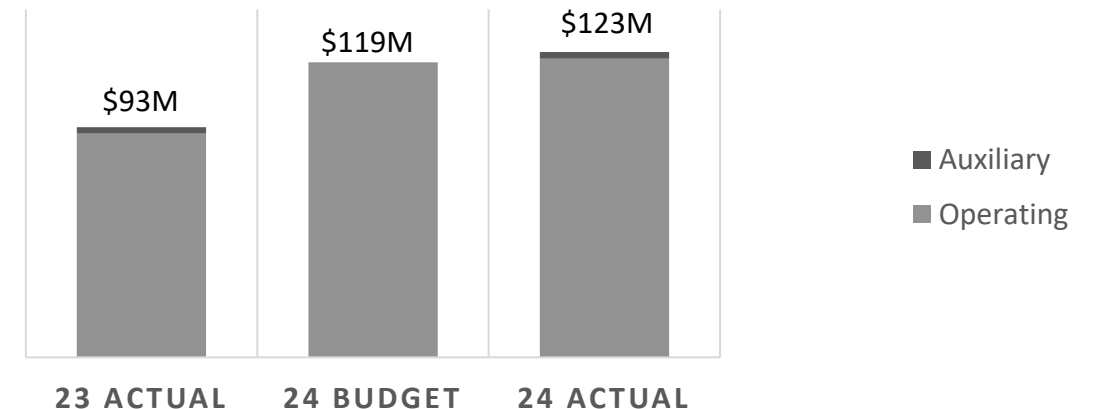Expenses and Transfers-Out Drivers (spent 104% of budget):

- **Personnel Costs** expended 101% of budget
- **Maintenance & Operation Costs** is 3% above budget related to the delay in the sale of the System Building

Net impact to fund balance $2.9M;
$3.0M operating and -$0.1M auxiliary.

REVENUES & TRANSFERS IN

$95M	$120M	$126M
23 ACTUAL	**24 BUDGET**	**24 ACTUAL**

- Auxiliary
- Operating

EXPENSES & TRANSFERS OUT

$93M	$119M	$123M
23 ACTUAL	**24 BUDGET**	**24 ACTUAL**

- Auxiliary
- Operating

Year-End Financial Performance

+$54M

operating revenue – operating expenditures

+$82.5M

adds non-current revenue and expenditures (change in FMV of investments, land, depreciation)

+129M

adds other assets and liabilities (deferred inflows/outflows, pension/OPEB liability changes, etc.)

Operating* Budget Performance

Income Statement
Change from FY2023 to FY2024

Balance Sheet
Change from FY2023 to FY2024
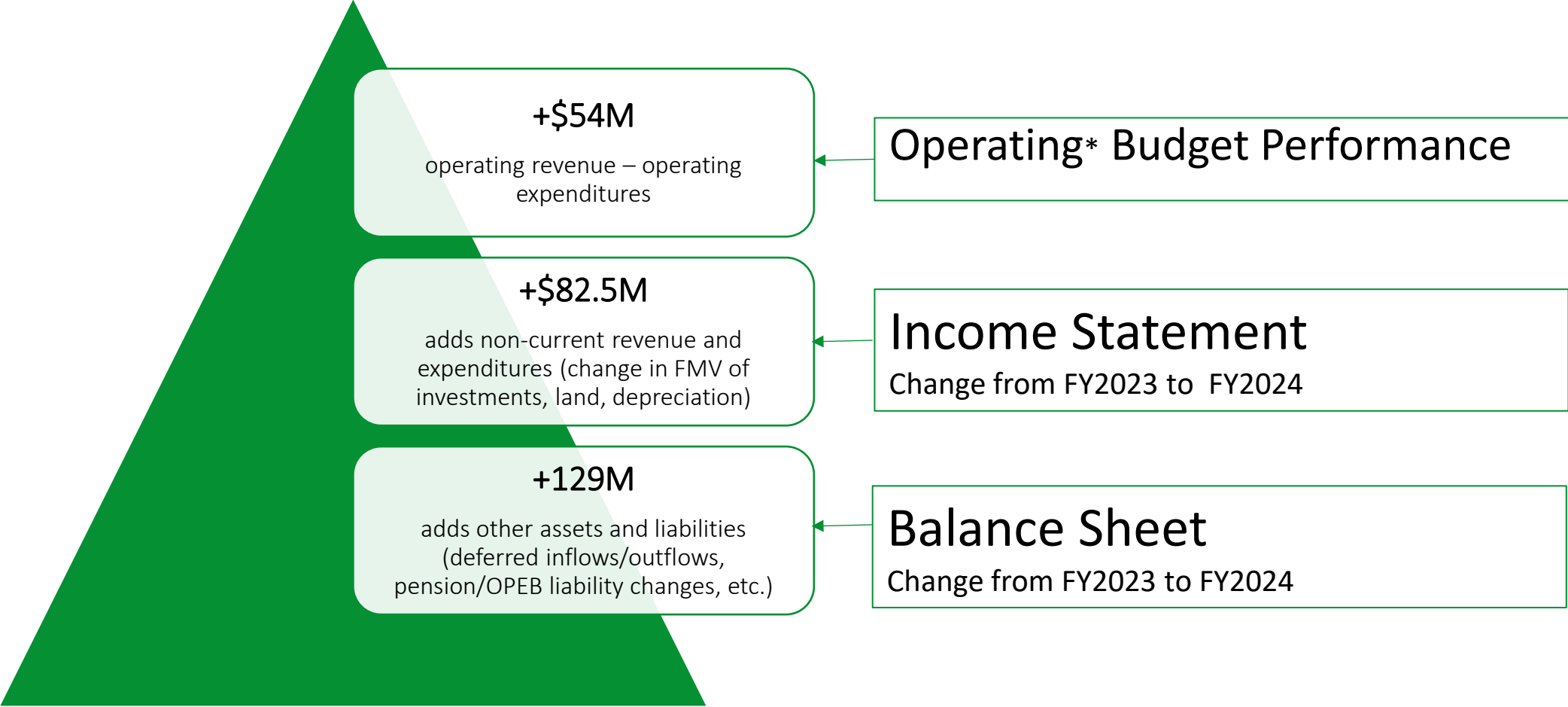
* State Appropriations included in operating revenue for these purposes.

Key Income Statement Changes from FY2023 to FY2024
unaudited

Net Increase of $82.5m

Revenue grew by $169.5m

- Net legislative appropriations ($39.2m)

- Increase in Fair Market Value of Assets ($54m)

- Frisco Phase II Land ($33m) and other capital assets ($20m)

- Federal/State Transfers in ($51m)
  Pell, TUF Distribution, Grants & Contracts, Hazelwood, etc.

Expenses only grew by $87m

- Research ($24m)

- Operations and maintenance of plant ($14m)

- Instruction, Academic Support and Student Services ($23m)

- Scheduled depreciation ($8m)

Other

Restatement of beginning net position (-$12.9m) for HSC Foundation endowment reclassification and payroll reconciliation

Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended August 31, 2024 and 2023
(in thousands of dollars)

	2024	2023	% Increase (Decrease)
Operating Revenues	$ 891,717	$ 877,432	1.6%
Operating Expenses	1,454,995	1,368,977	6.3%
Operating Income (Loss)	**$ (563,278)**	**$ (491,545)**	**14.6%**
Nonoperating Revenues (Expenses)	573,226	474,305	20.9%
Income (Loss) Before Other Revenues, Expenses and Transfers	**$ 9,948**	**$ (17,240)**	**(157.7%)**
Other Revenues, Expenses and Transfers	131,921	76,467	72.5%
Change in Net Position	**$ 141,869**	**$ 59,227**	**139.5%**
Net Position, Beginning of Year	$ 794,036	$ 737,436	7.7%
Restatement	(12,943)	(2,627)	392.7%
Restated Net Position, Beginning of Year	781,093	734,809	6.3%
Net Position, End of Year	**$ 922,962**	**$ 794,036**	**16.2%**

# Key Balance Sheet Changes from FY2023 to FY2024

Unaudited

Increased $129m

- Non-current investments increased by $88.5m with additions to LTP

- Decrease in Bonds ($51m) offset by increase in Commercial Paper ($24m)

- Net increase of Pension/ OPEB liabilities ($24m)

Condensed Comparative Statement of Net Position
As of August 31, 2024 and 2023
(in thousands of dollars)

|	2024	2023	% Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	$ 740,858	$ 741,692	(0.1%)
Non-Current Assets:			
Capital Assets, Net	1,493,591	1,437,935	3.9%
Other Non-Current Assets	718,887	622,616	15.5%
Deferred Outflows of Resources	161,395	223,549	(27.8%)
Total Assets and Deferred Outflows of Resources	**$ 3,114,731**	**$ 3,025,792**	**2.9%**
Liabilities and Deferred Inflows of Resources			
Current Liabilities	$ 621,644	$ 610,912	1.8%
Non-Current Liabilities:			
Bonded Indebtedness	689,397	740,919	(7.0%)
Other Non-Current Liabilities	689,560	663,692	3.9%
Deferred Inflows of Resources	191,167	216,232	(11.6%)
Total Liabilities and Deferred Inflows of Resources	**$ 2,191,768**	**$ 2,231,755**	**(1.8%)**
Net Position			
Net Investment in Capital Assets	$ 674,631	$ 590,710	14.2%
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	65,957	67,504	(2.3%)
Expendable	56,758	44,147	28.6%
Other Restricted	92,125	82,146	12.1%
Total Restricted	214,840	193,797	10.9%
Unrestricted	33,492	9,529	251.5%
Total Net Position	**$ 922,963**	**$ 794,036**	**16.2%**
Total Liabilities and Net Position	**$ 3,114,731**	**$ 3,025,791**	**2.9%**

Operating* Budget Contributions to Fund Balance
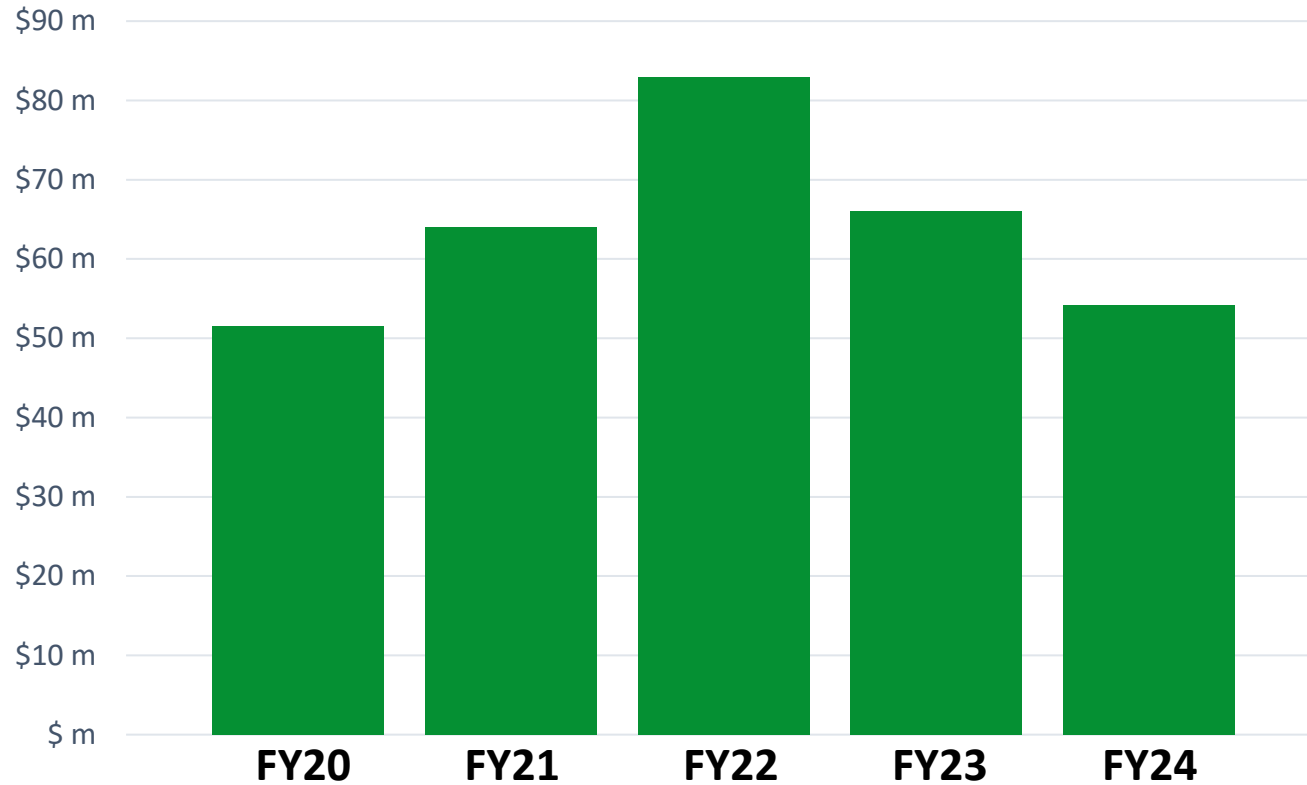
- Q4 reflects $54M contribution to fund balance (unaudited)
- Note FY22 peak reflected HERF funding and

(in millions)
Sources: FY20-FY24 actuals

* State Appropriations included in operating revenue for these purposes.
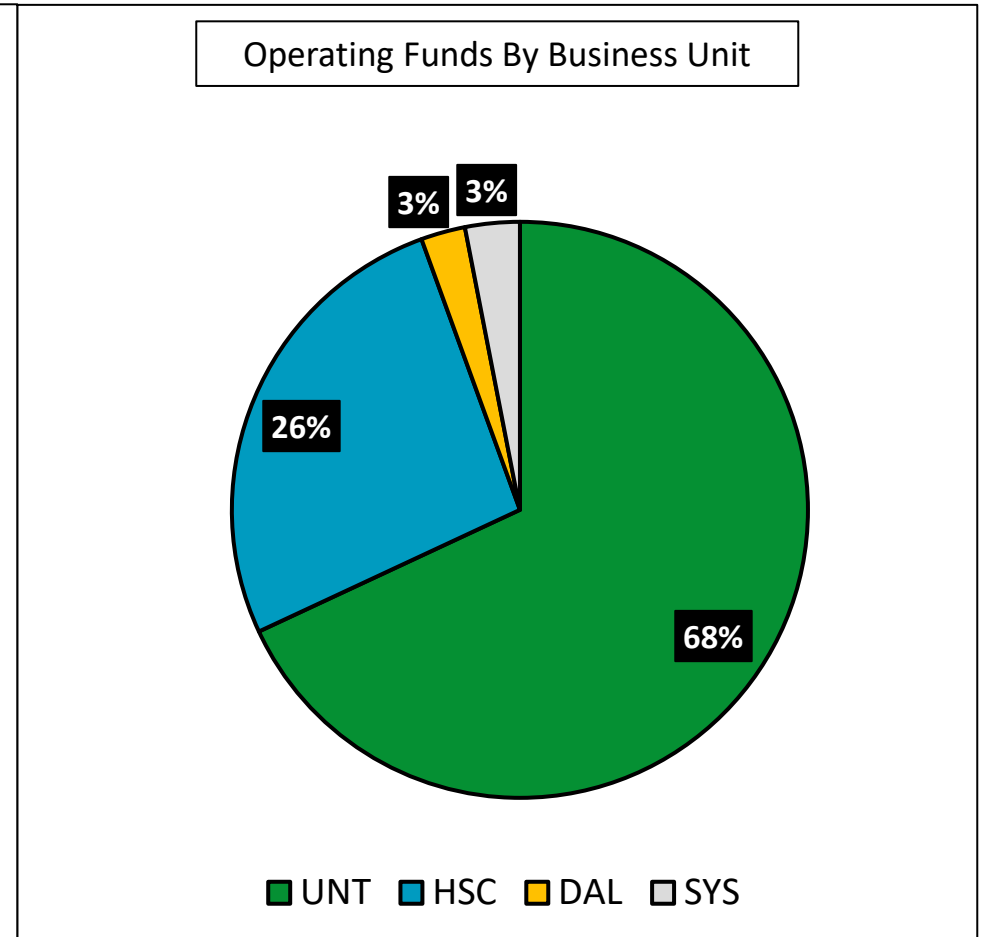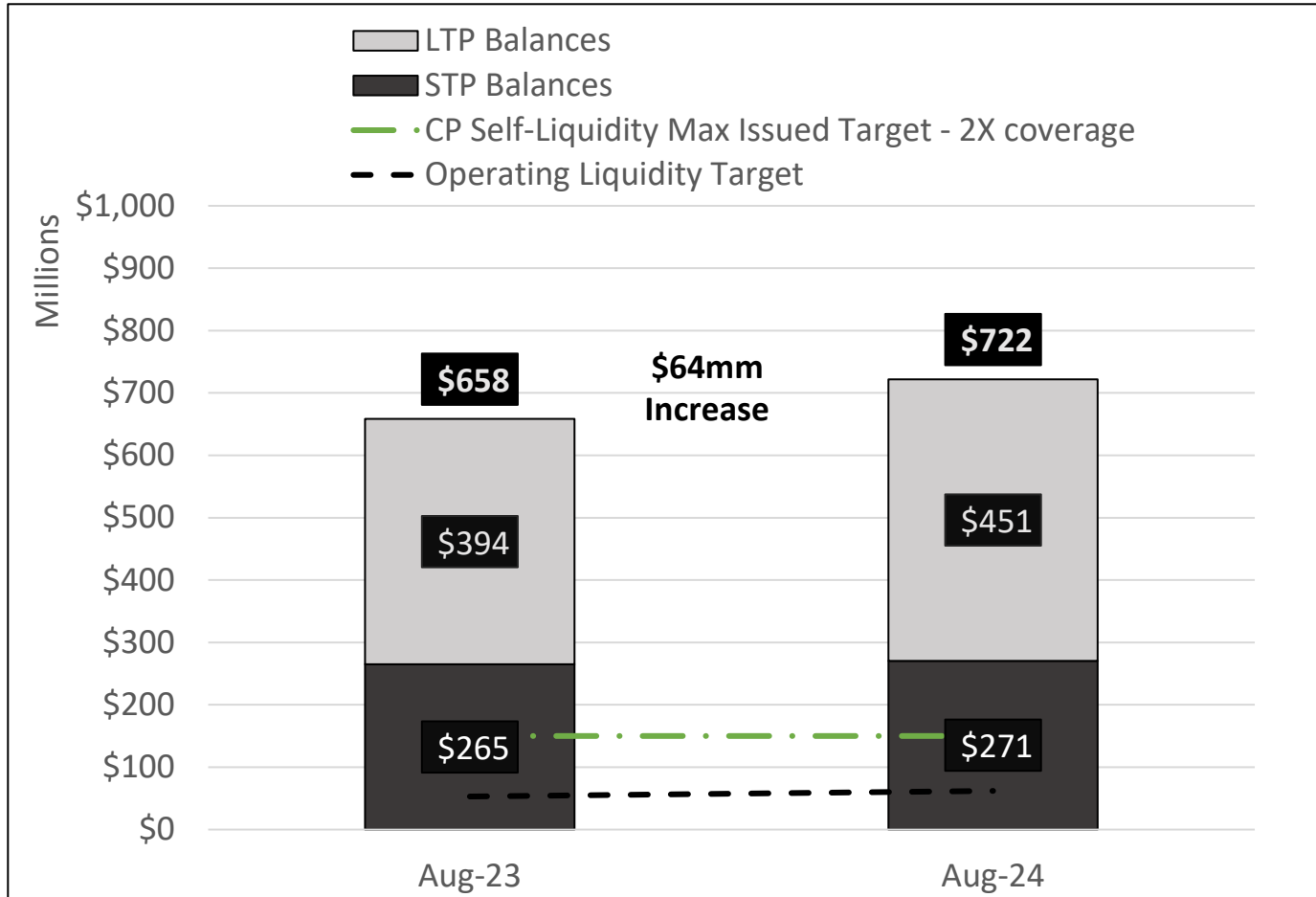
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Balance Sheet Trends (FY21 – FY24)
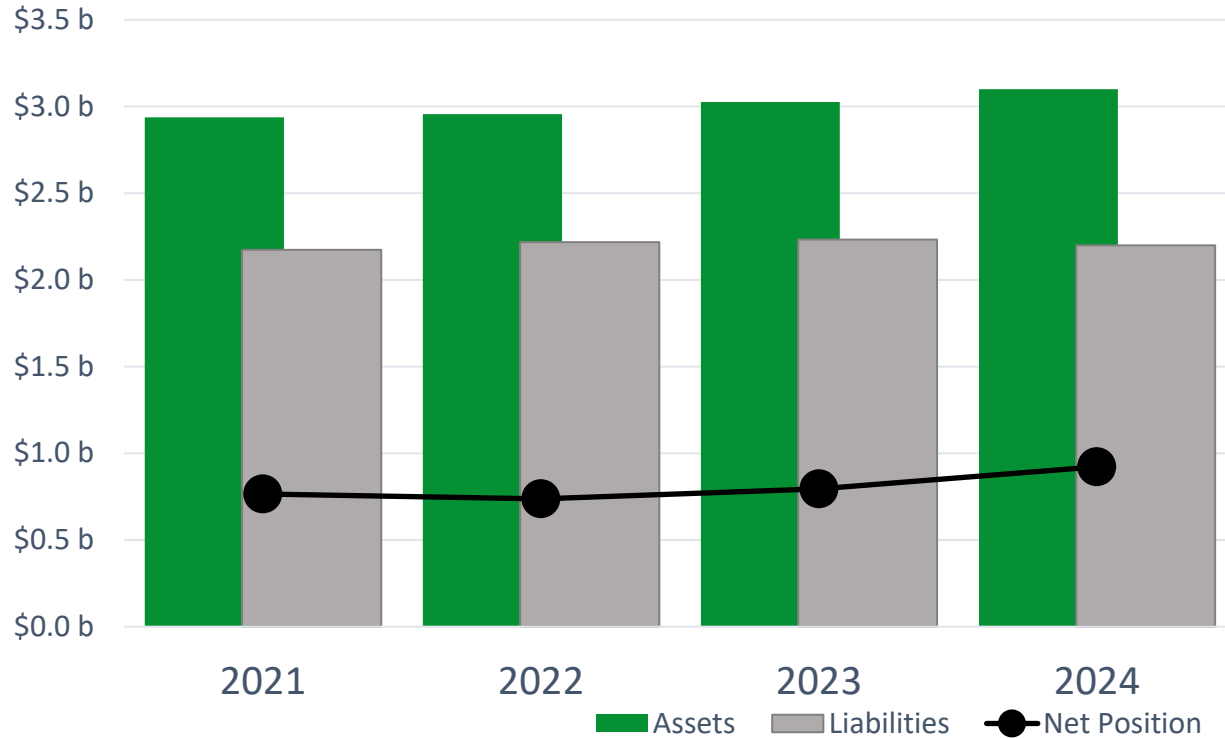
- Assets increased by 19% while liabilities increase by 4%
- Net position increased by $128m

(in billions)
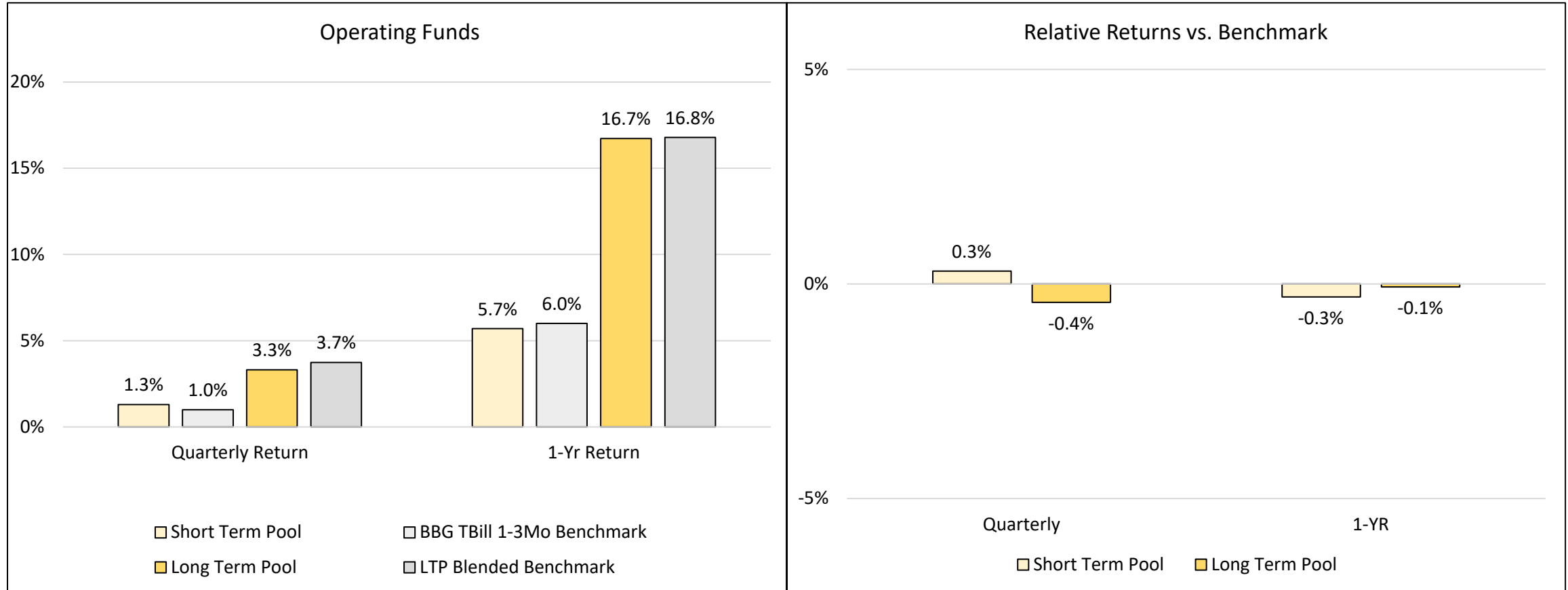Based on Audited Financial Statements (including pension & OPEB)

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13

FY 2024 Q4 Operating Cash and Investments

## Short-Term Pool (STP) and the Long-Term Pool (LTP)

The $64mm increase is attributable to LTP: $63mm Net Unreal/Real Gains/Losses

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FY 2024 Q4 Investment Performance – Operating Funds

Operating Funds

- Short Term Pool
- BBG TBill 1-3Mo Benchmark
- Long Term Pool
- LTP Blended Benchmark

Quarterly Return: Short Term Pool 1.3%, BBG TBill 1-3Mo Benchmark 1.0%, Long Term Pool 3.3%, LTP Blended Benchmark 3.7%

1-Yr Return: Short Term Pool 5.7%, BBG TBill 1-3Mo Benchmark 6.0%, Long Term Pool 16.7%, LTP Blended Benchmark 16.8%

Relative Returns vs. Benchmark

- Short Term Pool
- Long Term Pool

Quarterly: Short Term Pool 0.3%, Long Term Pool -0.4%
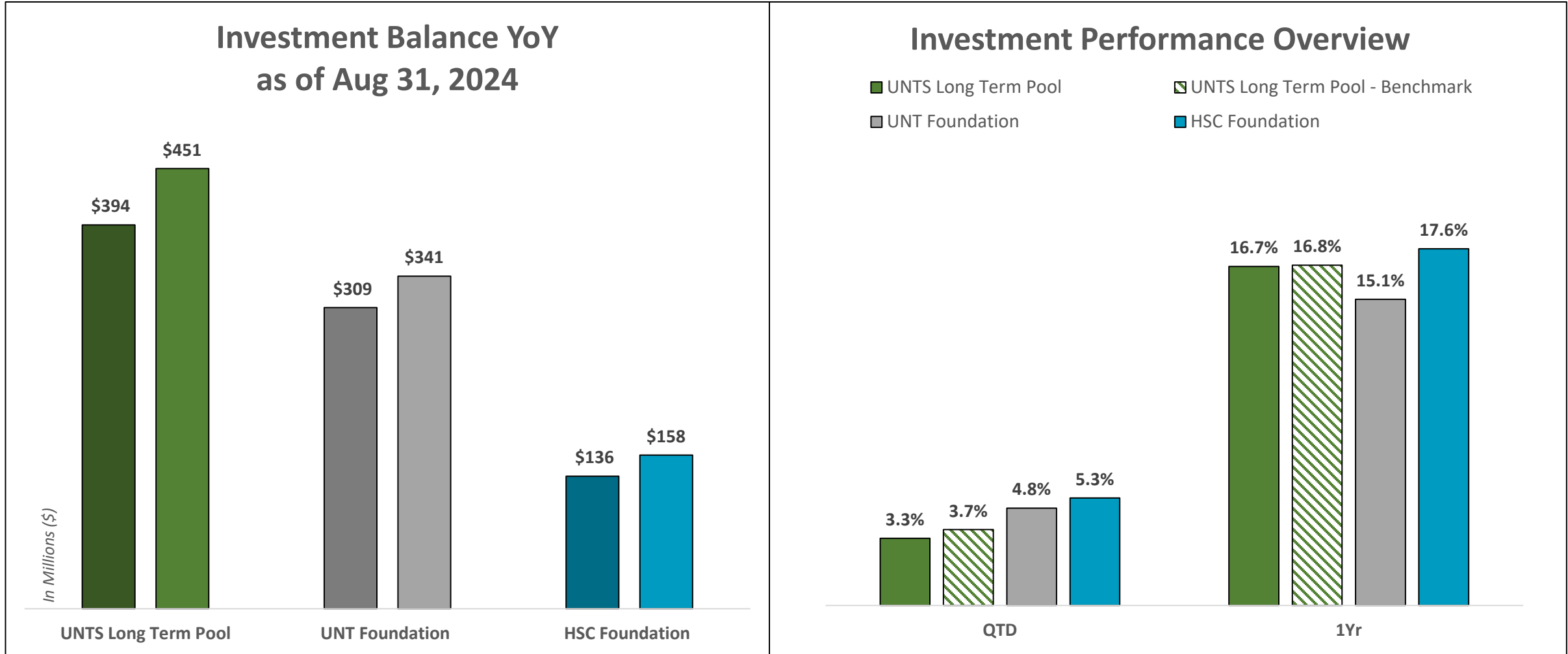
1-YR: Short Term Pool -0.3%, Long Term Pool -0.1%

Short Term Pool and Long Term Pool performance remains on trend with market rates. Improved from FY23 with 1-yr STP at 4.1% & LTP at 8.8%.

Debt Program Cost

Long Term Debt: WACC vs Aa2 Peer
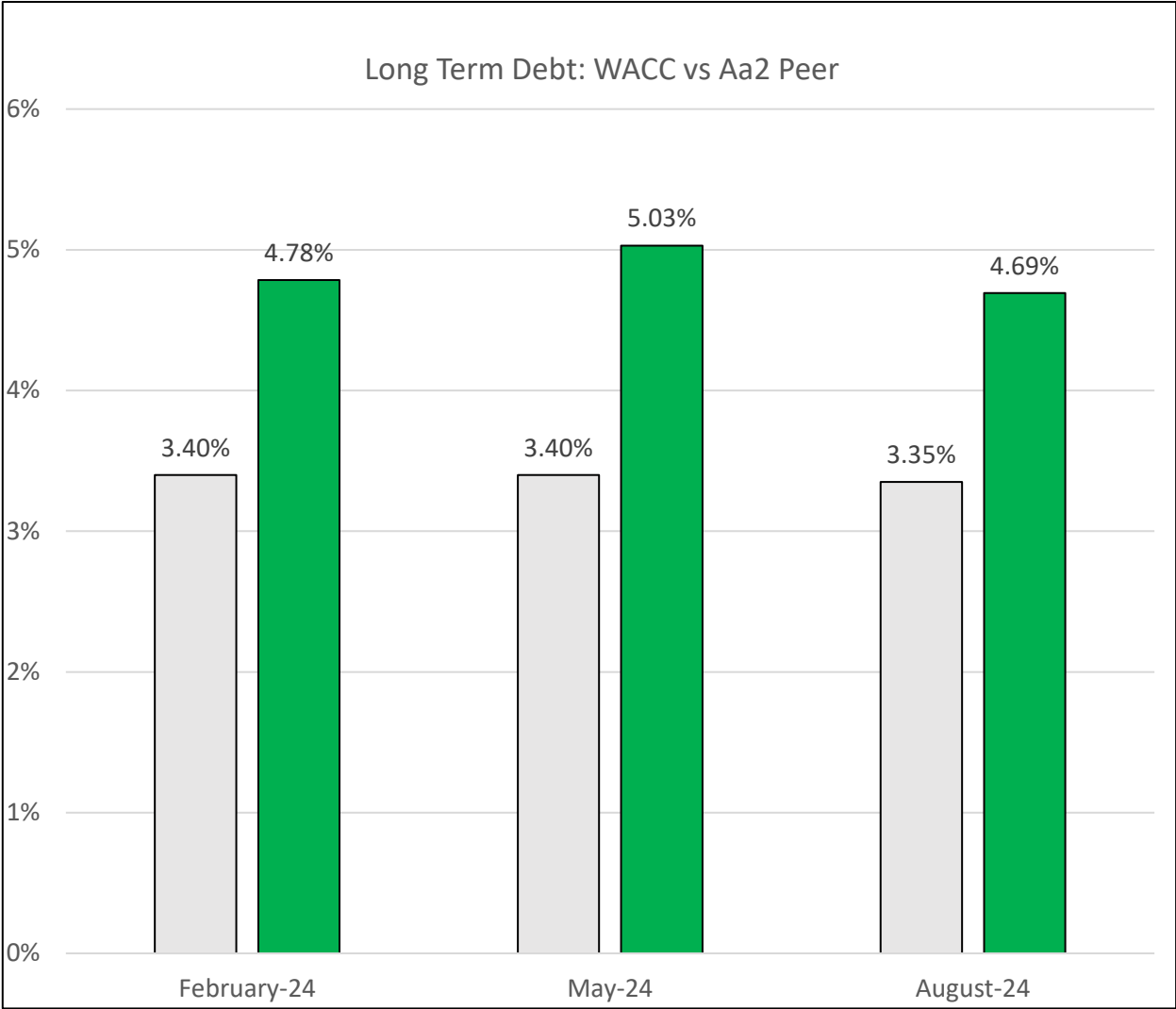
- **Next debt sale** planned in March 2025
- 3.59% Commercial Paper Rate as short-term financing
- $83.968mm Commercial Paper Outstanding as of August 31, 2024

FY 2024 Q4 Investments - Long Term Pool and Foundations

Investment Balance YoY as of Aug 31, 2024

Investment Performance Overview

- UNTS Long Term Pool
- UNTS Long Term Pool - Benchmark
- UNT Foundation
- HSC Foundation

Note: LTP excludes Private Equities and Credit Performance

Questions

Executive Report

To: Laura Wright, Chair, UNT System Board of Regents
Melisa Denis, Chair, Audit Committee

From: Renaldo Stowers, Deputy General Counsel & Chief Compliance Officer
Steve Hill, Director of Compliance

Dept.: UNT System Administration Compliance & Ethics Program

SUMMARY: This serves as the FY25 First Quarter compliance report on the on-going maturation and effectiveness of the System Administration Compliance & Ethics Program (Program).

PURPOSE: Inform the Board of progress made in achieving a desired level of maturity for the System Administration compliance program, including implementing recommendations from the 2022 external compliance program assessment and findings from the FY 2024 internal assessment.

The table below summarizes compliance framework categories where a defined initiative is ongoing and those where notable progress toward maturity was made this quarter:

> **Framework Category:** Compliance Program Elements/Assessment Categories.
> **Ongoing Process:** Framework Categories where Program initiatives are ongoing.
> **Maturity Progress:** Framework Categories where maturity initiatives are described in detail in this report.

	Framework Category	Ongoing Process	Maturity Progress
1	Risk Assessment	X	X
2	Policies & Procedures	X	X
3	Training & Communications	X	-
4	Reporting & Accountability	X	X
5	Third-Party Management	X	-
6	Management Commitment	X	-
7	Autonomy & Resources	-	-
8	Incentives & Discipline	X	-
9	Continuous Improvement, Periodic Testing & Review	-	-
10	Investigation of Misconduct	-	-
11	Analysis & Remediation of Underlying Misconduct	X	X

The following summarizes the actions taken this quarter to mature the Program to the desired level:

Risk Assessment. The FY25 annual risk assessment is incorporating a compliance workgroup into the assessment process for the first time in the System Administration's history. The workgroup, which consists of employees in each Vice Chancellor Division who have defined compliance responsibilities, is identifying risks in their respective areas that expose the System and System Administration officials to criminal, civil, and regulatory sanctions. Involving employees with direct, function-specific compliance responsibilities in the risk assessment process provides the Program greater insight and visibility into the organization's operations.

Policies & Procedures. The System's new process for adopting and revising System regulations and System Administration policies now formally incorporates compliance into the regulation and policy review and regulation workflow. For the first time in the System's existence, Compliance has the opportunity to assess, among other things, whether regulations and policies identify and adequately address compliance risks that could result in criminal, civil and regulatory sanctions, and recommend measures to mitigate these risks and promote ethical and values-based decision making. Also, as part of the initiative to incorporate compliance and ethics into the organization's culture, beginning this fiscal year, employees are required to annually attest to having read the System Administration's Ethics and Standards of Conduct and Reporting Suspected Wrongdoing policies, as well as acknowledge their obligation to comply with these policies.

Reporting & Accountability. The Program began working with Nihilent as part of the System Enterprise's Key Performance Indicator (KPI) development project. The consultant has been provided performance indicators and calculation methodologies to measure Trust Line reporting, report resolution, and training related compliance activity, and is designing a compliance dashboard. Leadership will have access to KPI measurement data on a monthly or quarterly basis depending on the indicator. Additional KPIs will be added as the Program matures and as it identifies other indicators that are meaningful to leadership.

Incentive & Discipline/Analysis & Remediation of Underlying Misconduct. The lack of historic data related to how the System Administration responds to misconduct has hampered the Program's ability to systematically assess the organization's response to employee wrongdoing. The Program is finalizing an initiative to collect System Administration employee misconduct and discipline data back to 2014 and will begin analyzing the date in the upcoming quarter for trends, response-consistency (particularly in the area of corrective actions), and training opportunities.

Third-Party Management. Internal Audit has taken a lead in assessing the UNT System's vendor management processes. However, the Program has begun project to collect and analyze data on vendor misconduct, with the objective of expanding Compliance's role in assessing vendor compliance at the beginning of the procurement process.

Executive Report

To: University of North Texas System Board of Regents, Audit Committee

From: Clay Simmons, Vice President and Chief Integrity Officer

Dept.: University of North Texas, University Integrity and Compliance

SUMMARY:

This serves as the UNT FY24 Fourth Quarter compliance report on the effectiveness of its compliance and ethics program. University Integrity and Compliance (UIC) continues to build out the compliance and ethics function at UNT and conduct ongoing training, monitoring, and reviews across the university.

PURPOSE:

The purpose of this report is to demonstrate progress of identified areas noted in the Compliance Program Effectiveness Assessment provided by Protiviti. See Appendix for Definitions.

Ongoing Process: Compliance Program Elements **Maturity Progress:** Framework Assessment Reporting		
Category	**Ongoing Process**	**Maturity Progress**
Risk Assessment		X
Policies and Procedures		X
Training and Communications		X
Reporting and Accountability		X
Third Party Management	X	
Commitment by Senior/Middle Mgmt.	X	
Autonomy and Resources	X	
Incentives and Disciplinary Measures	X	
Periodic Testing and Review		X
Investigations of Misconduct		X
Analysis and Remediation		X

ASSESSMENT:

Risk Assessment

UNT completed its FY25 Risk Assessment in August. UIC met with 62 leaders, subject matter experts, and teams across the institution to discuss FY24's identified risks as well as current and emerging risks. This year's assessment also included a partnership with Internal Audit to combine the two offices' risk assessment meetings with certain leaders to reduce the administrative load on those individuals. This pilot program worked very well and will likely continue in the future.

The risks identified during the FY25 Risk Assessment we approved by the ECC and are documented in the GRC. UIC will work with risk owners to begin documenting associated mitigation controls in the system. Further integration of the GRC will occur in FY25 and we plan to implement some of the automation in our FY26 risk assessment that begins in Spring of 2025.

UIC has also developed a detailed WorkPlan to address the risks identified in the Risk Assessment process. Work has already begun on some of the identified risks and others will be addressed as resources become available.

Policies and Procedures

UNT reviews policies on a regular basis (at least every 6 years) to ensure they incorporate changes in law and regulation and accurately reflect current business practices. Currently, 90% of UNT policies are up to date, leaving 21 total policies overdue for review. 33 policies are in the review process, including all overdue policies. Of the 20 overdue policies, 15 are in the approval stage. Four policies are on hold due to legal or related issues. Three are HR policies that HR has informed us will be moved from the campus policy manual to System Regulations. UIC continues to work with policy partners to revise these last overdue policies and we believe that all will be up to date by the end of the calendar year.

Training and Communications

Completion percentages for Title IX, FERPA, and Cybersecurity required training modules fall in the expected mid and upper 90s for most groups except students who are currently just over 90%. Students typically lag professional employees during the start of the Fall semester, and I anticipate these numbers to increase during the 1st Quarter of FY25. Ethics training rates are around 50% for all employee groups. This was expected as we transitioned our ethics training from our standard *Ethics and Standards of Conduct* module to the *Professional Standards in the Workplace* module in August. The due date for completion is Oct. 14 and we will begin enforcement actions after that time with a goal of reaching high 90s.

UNT's contract for the Learning Management System is up for renewal in August 2025. We will begin discussions with UNT System partners during October to develop an RFP. As a reminder, UNT provides LMS services for UNT, UNT System, and UNT Dallas. UNT HSC uses the same LMS, but under a separate instance to address their particular training requirements as a health institution.

Reporting and Accountability

UIC received 21 reports for the 4th Quarter, down from 33 in the 3rd Quarter. This number of reports is comparable to previous years for the quarter, if tending toward the lower end of normal. Of the reports submitted this quarter, 16 are closed, leaving 5 still under review.

Periodic Testing and Review

UIC work on compliance with Texas Education Code 51.3525 (SB17) is still ongoing. UIC continues to assist units determine the allowability of proposed activities and to identify and resolve existing activities across the institution. UIC has also transitioned to targeted Workplan work on certain SB17 topics that were identified during previous work across the institution.

UIC has developed a written framework for the Compliance and Integrity Program. The framework covers all elements of the program and delineates how they operate together into an effective compliance program. Our intention is to roll this framework out to the compliance areas across the institution and have them implement similar processes in their areas of responsibility to ensure compliance issues are dealt with consistently across UNT.

UIC has also leveraged resources in Risk Management to supplement UIC resources by having Risk Management conduct some testing of lab safety reviews. Risk Management personnel will review a sample of lab inspections to test them for completeness and follow-up of issues noted.

Investigations of Misconduct

In the fourth quarter, UIC continued and closed one investigation. No additional UIC-conducted investigations were started during the quarter. UIC has received and reviewed investigation report from other compliance functions across the university and incorporated them into our assessment of trends at UNT.

Analysis and Remediation

Work on international compliance continues. Research Integrity & Compliance is spearheading this effort with UIC support and oversight. UNT's export control manual has been updated and will roll out to campus in the 1st quarter of FY25. RIC has also obtained funding for an export control/research security position that was filled this quarter. This position will be the lead on many of the elements of the international compliance program and provide expertise to other areas of the university impacting this risk area. UIC is also working with Advancement to obtain another seat in our embargoed party screening service, Visual Compliance. This seat will allow advancement to incorporate review of all donors against the federal and state restricted parties lists and ensure compliance in this area.

Appendix

Category	Definition
Risk Assessment	*Does the Institution have a comprehensive risk assessment process?*
Policies and Procedures	*Has the Institution established standards and procedures to prevent and detect misconduct, including criminal conduct?*
Training and Communications	*Do Institution employees receive training regarding ethical conduct and compliance with regulations and policies, and procedures?*
Reporting and Accountability	*Does the Institution take reasonable steps to communicate aspects of the compliance and ethics program to the appropriate individuals?*
Third Party Management	*Does the Institution have a process to identify and proactively monitor high-risk vendor relationships (e.g., business associates, etc.)?*
Commitment by Senior /Middle Mgmt.	*How has the Institution responded to specific instances where compliance raised concerns?*
Autonomy and Resources	*Has there been sufficient staffing for compliance personnel to effectively audit, document, analyze, and act on the results of the compliance efforts?*
Incentives and Disciplinary Measures	*Does the Chief Compliance Officer promote and enforce the Program consistently through appropriate incentives and disciplinary measures to encourage a culture of compliance and ethics?*
Periodic Testing and Review	*What testing of controls, collection and analysis of compliance data, and interviews of employees and third parties does the Institution undertake?*
Investigations of Misconduct	*How has the Institution ensured that the investigations have been properly scoped, and were independent, objective, appropriately conducted, and properly documented?*
Analysis and Remediation	*When noncompliance, unethical behavior, or criminal conduct has been detected, does the Institution reasonably prevent further similar behavior?*

Executive Report

To: University of North Texas System Board of Regents, Audit Committee

From: Desiree K. Ramirez, CCEP, CHC, Executive Vice President, Chief Integrity and Privacy Officer

Dept: University of North Texas Health Science Center at Fort Worth
Office of Institutional Integrity and Awareness

SUMMARY:
This serves as the HSC FY2024 Fourth Quarter compliance report on the effectiveness of compliance program to UNT Board of Regents Audit Committee. This is provided in accordance with the UNT System Audit Committee charter

PURPOSE:
The purpose of this report is to demonstrate progress of identified areas noted in the Compliance Program Effectiveness Assessment provided by Protiviti. As a reminder, the table below reiterates the categories and relevant information from the assessment. Please see appendix for definitions. Bolded categories are reported for this quarter.

Ongoing Process: Compliance Program Elements **Maturity Progress:** Framework Assessment Reporting		
Category	**Ongoing Process**	**Maturity Progress**
Risk Assessment	X	X
Policies and Procedures	X	X
Training/Communication	X	X
Reporting and Accountability	X	X
Third Party Management	X	
Commitment by Mgmt.	X	
Autonomy and Resources	X	
Incentives/ Disciplinary Measures	X	
Periodic Testing and Review	X	X
Investigations of Misconduct	X	X
Analysis and Remediation	X	

Risk Assessment

The information gathering phase for the FY25 Compliance Workplan and Risk Assessment has been successfully completed. We are currently developing a comprehensive campus-wide heat map to identify risk hotspots across all departments and colleges. This initiative aims to enhance our understanding of compliance and ethical risks throughout the institution.

Stakeholders have been engaged to identify potential compliance and ethical risks, based on the following definition: *an ethics and compliance risk represents an existing or emerging threat to the organization concerning potential legal, regulatory, or contractual non-compliance, or unethical conduct. If not addressed, these risks may lead to serious consequences, including civil or criminal fines, reputational damage, negative financial implications, and adverse operational impacts.*

The findings from the risk assessment will be presented to the President's Cabinet for review and finalization by the end of the first quarter of FY25. Following this, the information will be entered into the Governance, Risk, and Compliance (GRC) tool for ongoing monitoring and risk mitigation.

Education, Training and Communication

HSC is dedicated to fostering a robust compliance culture through comprehensive education, training, and effective communication. We empower students, employees, and community partners to uphold the highest ethical standards and understand their responsibilities within this framework. The Institutional Compliance Program reflects HSC's unwavering commitment to adhering to laws, policies, and regulations.

Education and training are foundational elements of this program. All HSC employees and students are required to engage in essential training that promotes a culture of integrity and accountability. New employees must complete mandatory training within 30 days of hire, and in the fourth quarter, we achieved a 100% completion rate, including the Certification of Commitment to the HSC Code of Culture. With a workforce of nearly 1,500 employees, HSC maintains a strong focus on compliance education, achieving a **97% completion** rate for mandatory training and an overall completion rate of **92%** for all modules in LearnHSC during FY24.

Effective communication is also critical to our compliance efforts. HSC is currently revising all mandatory compliance training to better incorporate job-specific compliance responsibilities, emphasizing ethical obligations and accountability to the citizens of Texas as state agency employees. These enhanced training programs are scheduled to be rolled out in April 2025, ensuring that all members of our community are well-informed and equipped to uphold our shared values.

Willis Towers Watson- Women in Risk and Education

I recently participated in the Willis Towers Watson (WTW) **Women in Risk and Education** podcast. Willis Towers Watson is a global advisory and solutions company specializing in risk management, insurance, and consulting services across various industries. In my discussion, I shared insights into the integrity framework at HSC and the significance of a comprehensive compliance and integrity program.

I emphasized how the integrity framework fosters a culture of transparency, communication, and education—critical components for effective risk mitigation. Transparency builds trust among faculty, students, and stakeholders, while open communication encourages reporting of unethical behavior without fear of retaliation.

I also highlighted that education is central to our initiative, equipping the HSC community with the necessary knowledge and skills to navigate ethical dilemmas. By prioritizing integrity, we aim to empower individuals and strengthen the institution, reinforcing that a strong ethical foundation is vital for fostering a positive and productive educational environment.

Reporting and Accountability

Strategic Plan

The Office of Institutional Integrity and Awareness (OIIA) is committed to providing quarterly insights into our five-year strategic plan, Legacy 2030 – The Timeless Impact of Integrity. This initiative outlines our vision for cultivating a culture of integrity that will guide HSC into the future.

At the core of our strategy is a commitment to ethical behavior and decision-making, which we prioritize in all actions and policies. We foster a collaborative environment that values varied perspectives, encouraging teamwork and inclusive practices. Transparency and accountability are essential to our operations; we strive to maintain open communication and hold ourselves accountable for our commitments and outcomes. By embracing proactive leadership, we aim to anticipate challenges and opportunities, driving positive change within our institution. Our focus on continuous improvement ensures that we remain adaptable to the evolving needs and challenges we face.

Our growth strategies include solidifying and expanding our core services, positioning OIIA as a model transformational integrity program. We aim to innovate by incorporating ethical practices into emerging trends, establishing ourselves as leaders in this space. Additionally, we are committed to defining a remarkable team that thrives collaboratively to deliver meaningful impact while also gaining worldwide recognition for our integrity practices and leadership.

Central to this effort is the development of an Integrity Framework that applies not only to OIIA but also to other departments and schools within HSC. This framework emphasizes trust, establishing OIIA as a respected resource across the institution. Our leadership is designed to be agile and forward-thinking, equipping us to address the challenges facing education and healthcare effectively. As a trailblazer among similar entities within UNT, we leverage the expertise of our dedicated team to promote best practices in integrity.

By integrating this Integrity Framework across all departments and schools, we aim to create a cohesive and unified approach to ethical standards and accountability. Through these strategic initiatives, OIIA is committed to ensuring that integrity remains a foundational element of HSC's operations, creating lasting positive impacts for our community.

Clinical Audits:
 In the fourth quarter, our clinical documentation audits focused on the Cardiology and Gastroenterology departments, where a total of 45 cases were reviewed. These audits are important for ensuring compliance with regulatory standards and improving the quality of patient care. Accurate clinical documentation is essential for appropriate reimbursement and supports effective clinical decision-making.

During this quarter's audits, we identified a few common issues, such as overcoding by one level and instances of insufficient documentation. Addressing overcoding is important for maintaining accurate billing, while improving documentation can enhance the overall quality of patient records.

Additionally, a Notice of Privacy Practices (NPP) audit was conducted, reviewing 60 cases. It was noted that four of the notices were not dated, which provides an opportunity for us to strengthen our documentation

practices and ensure that patients are well-informed about their rights.

We are also laying the groundwork for clinical documentation audits within the correctional medicine area. This initiative is crucial for ensuring that our billing to the Bureau of Prisons is accurate and compliant with all relevant regulations. By refining our auditing processes, we aim to uphold high standards in clinical documentation across all departments, ultimately contributing to better patient outcomes and maintaining our institution's integrity.

Investigations of Misconduct

A strong integrity framework relies on the active participation of employees and students in reporting any breaches of the code of conduct, policies, or suspected misconduct. HSC emphasizes the importance of having a trusted mechanism for individuals to report concerns—either anonymously or confidentially. Encouraging reporting is crucial for fostering a culture of transparency and accountability within our institution.

In the fourth quarter of FY24, we received a total of 15 calls through the Trustline. Of these, **12** issues have been resolved, while **three** remain under review by the Office of Integrity or the relevant investigative office. The concerns reported predominantly involved communication issues, environmental health and safety, retaliation, and employee relations.

This reporting process is essential for addressing potential issues promptly and upholding the integrity of HSC. By empowering individuals to voice their concerns, we help ensure that our organization maintains high ethical standards.,

Reference

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Executive Report

To: University of North Texas System Board of Regents, Audit Committee

From: Keith Maddox, Chief Compliance Officer

Dept.:   University of North Texas at Dallas
           Office of Compliance and Integrity

SUMMARY:

This serves as the Dallas FY24 Fourth Quarter compliance report on the effectiveness of the compliance program to UNT Board of Regents Audit Committee. This is provided in accordance with the UNT System Audit Committee charter.

PURPOSE:

The purpose of this report is to demonstrate the progress of identified areas noted in the Compliance Program Effectiveness Assessment provided by Protiviti. The Chief Compliance Officer (CCO) has been assessing the system and developing processes, policies, and procedures to ensure an effective compliance program per the Department of Justice guidance and the previous Protiviti review.

Risk Assessment

The foundation of an effective compliance program is an annual Compliance Risk Assessment. The UNT Dallas program is undergoing a Compliance Risk Assessment, aligning with the Enterprise Risk Management (ERM) methodology and other Institution Compliance programs. The Compliance Risk Assessment (CRA) is being reviewed and evaluated for approval by the appropriate stakeholders in conjunction with the CCO. The results of the CRA will inform a Compliance Work Plan (CWP) for the program.

Department of Justice (DOJ) Element Status

Compliance Process	Status
DOJ Guidance Question 1: Is the Compliance Program Well Designed?	
Risk Assessment	In progress – drafting UNT Dallas-specific compliance risk universe.
Policies and Procedures	The Employee Code of Conduct Policy has been drafted and is being reviewed by OGC for finalization.
Training and Communications	A strategic plan has been discussed with the President's Cabinet and will be implemented to improve participation rate.
Reporting and Accountability	In progress – new process will include resources consistent across the System.
Third-Party Management	System-level efforts are underway. UNT Dallas is participating in the process.

DOJ Guidance Question 2: Is the Compliance Program implemented effectively?	
Commitment by Senior and Middle Management	Started – CCO continues to meet regularly with interim President and Cabinet members. Additional meetings have also been held with other management officials as needed.
Autonomy and Resources	CCO requested additional staff and discussed with the Interim President and CFO. Additional resources for the Compliance Office are on hold pending budgetary restraints.
Incentives and Disciplinary Measures	Not started – CCO is evaluating program to determine actions needed for enforcement and consistency.

DOJ Guidance Question 3: Does the Compliance Program Work in Practice?	
Continuous Improvement, Periodic Testing, and Review	Not started – work plan will result from Compliance Risk Assessment
Investigation of Misconduct	Not started – analysis of process enhancements included in consultant proposal scope of services
Analysis and Remediation of Any Underlying Misconduct	No misconduct noted for this quarter.