



TEXAS TECH UNIVERSITY SYSTEM



# Office of Audit Services

Annual Audit Plan

For the Year Ending August 31, 2011

Kimberly F. Turner, CPA

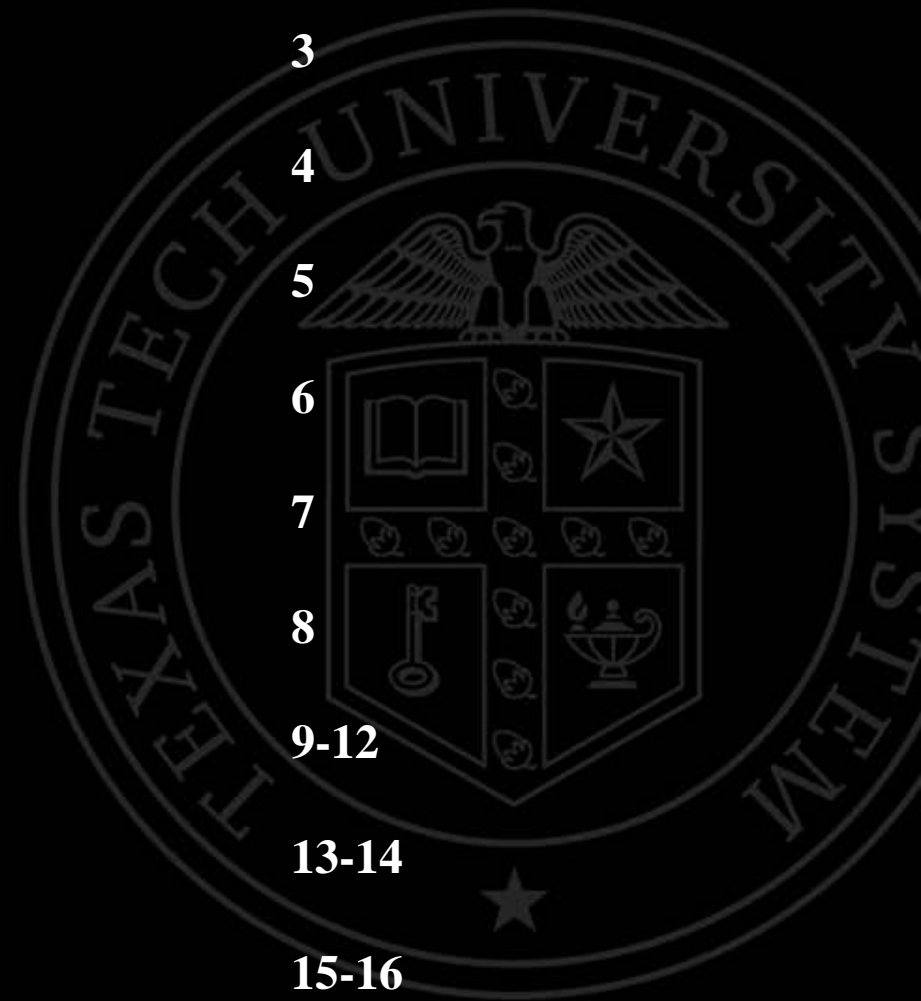
*Chief Audit Executive*

*August 5, 2010*

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# Transmittal Letter



August 5, 2010

Mr. Daniel T. Serna, CPA

Audit Committee Chair, Texas Tech Board of Regents

We are pleased to submit the annual plan of the Office of Audit Services of Texas Tech University System for the year ending August 31, 2011. The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled approximately twenty-five percent of our time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work.

We appreciate the support you offer us in the performance of our responsibilities and formally request that you approve this plan.

Sincerely,

Kimberly F. Turner, CPA  
Chief Audit Executive

Approved by: \_\_\_\_\_ August 5, 2010  
Mr. Daniel T. Serna, CPA

# Mission Statement



**The staff members of the Office of Audit Services agreed that we should have a mission statement that reflects Texas Tech's commitment to educational excellence, as well as our commitment to our professional standards. The result of our contemplation is a mission statement that emphasizes proactive quality service provided by our staff for the benefit of the Board of Regents and management throughout the Texas Tech University System.**

## **Mission Statement**

**The mission of the Office of Audit Services is to assist the Board of Regents and other units of the Texas Tech University System in identifying, avoiding, and mitigating risks.**

# Quality Assurance



**We have instituted a continuous quality improvement control effort as required by internal auditing standards. We evaluate the quality of our services by**

- completing a self-assessment questionnaire at the end of each engagement;**
- measuring our performance against predetermined benchmarks that we believe will encourage excellence;**
- surveying our clients regarding their level of satisfaction with the services we have provided;**
- completing an annual assessment of our quality assurance program as required by generally accepted government auditing standards;**
- completing a periodic self-evaluation of our office's operations to gauge compliance with internal auditing standards; and**
- submitting to periodic assessment by peer review teams comprised of experienced higher education audit professionals.**

# Performance Measures



**The staff members of the OAS developed goals to encourage excellence and promote accountability. To measure our achievement of those goals, we developed a series of performance measures. We analyze our progress quarterly related to the following overall goals by reviewing the achievement of the performance measures.**

- Ensure the annual risk assessment process identifies significant risks and our audit work helps mitigate those risks.**
- Complete engagements outlined in the annual audit plan to cover risks identified in the risk assessment.**
- Achieve superior client satisfaction.**
- Achieve time budgets and internally and externally imposed engagement deadlines.**
- Effectively utilize resources.**
- Effectively and timely complete the audit process.**

# Risk Assessment Process



**The Office of Audit Services allocates its resources in a manner that is consistent with the mission and goals of Texas Tech University System and its components. In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we have prepared this audit plan based on the results of a formal risk assessment process.**

**The risk assessment process undertaken to prepare this annual plan was multi-layered. First, management of Texas Tech University System (TTUS), Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), and Angelo State University (ASU) respectively, assessed risk at the institutional level. The institutions used varying methodologies for development of their risk assessments, but all of the processes included the consideration of strategic goals and related processes.**

**Our office also gave input into the risk process for the components of Texas Tech based on individual interviews with senior level officials, institutional knowledge, information from past audit and management advisory engagements, and knowledge of nationwide trends and occurrences in higher education and academic healthcare.**

**The result of these assessments was the identification of strategic, financial, operational, compliance, reputational, and environmental risks facing each institution. In the development of this annual plan, we considered the most significant risks and included audits and other engagements that could reduce the likelihood or impact of the risks and/or assist in clarifying risks at a more granular level.**

# Allocation of Time



**Our staff consists of 17 audit professionals. After consideration of estimated time for staff meetings, continuing professional education, holidays, and annual leave, we determined our allocable chargeable time to be approximately 20,100 hours.**

**Of this 20,100 hours, we estimate 2,050 hours are needed to perform required audits, assist external auditors, and complete other mandatory projects. Additionally, 2,400 audit hours are needed to complete engagements from the fiscal year 2010 annual audit plan that are in progress at year-end. We have set aside approximately 25 percent of total chargeable time (4,900 hours) for unscheduled projects and other value-added work, including board and management requests, investigations, committee service, and special projects. The remaining 10,750 audit hours have been allocated to the projects determined through the risk assessment process. The risk-based engagements as well as the required audits are listed on pages 9-12.**

# Planned Engagements



## Texas Tech University System and Components

**Texas Tech University Foundation**

**Banner Security**

**Ethical Environment Assessment**

**Regents, Chancellor, and Presidents Travel and Credit Cards**

**Office of Audit Services Annual Report**

**Office of Audit Services Annual Plan**

**Office of Audit Services Quality Assurance Activities Review**

**State Auditor's Office Miscellaneous Projects**

**Audit Report Follow-Up Procedures and Reporting**

**Financial**

**IT/Controls**

**Governance**

**Compliance**

**Compliance**

**Compliance**

**Compliance**

**Miscellaneous**

**Follow-Up**

# Planned Engagements (cont.)



## Texas Tech University

**Responsibility Center Management**

**Grade Reporting Process**

**Center for Professional Development**

**Xtender Security**

**Academic Department Reconciliation Processes**

**College of Arts & Sciences**

**Honors College**

**Texas Higher Education Coordinating Board ARP/ATP Grants**

**NCAA Compliance**

**Athletics Financial Review**

**Joint Admission Medical Program Grants**

**KOHM-FM**

**Football Attendance Certification**

**Management Advisory**

**IT/Controls**

**Financial/Operational**

**IT/Controls**

**Management Advisory**

**Financial/Operational**

**Financial/Operational**

**Compliance**

**Compliance**

**Financial**

**Compliance**

**Financial**

**Compliance**

# Planned Engagements (cont.)



## Texas Tech University Health Sciences Center

**Grant Accounting and Reporting Processes**

**Lubbock School of Medicine**

**South Plains Oncology Consortium**

**School of Pharmacy Research Funding**

**Information Technology Governance**

**Time and Effort Reporting System**

**School of Allied Health Sciences**

**President's Office**

**El Paso Center of Excellence for Diabetes and Obesity**

**El Paso Procurement Processes**

**El Paso Property Inventory Processes**

**El Paso Department of Internal Medicine**

**El Paso Department of Surgery**

**Texas Higher Education Coordinating Board ARP/ATP Grants**

**Texas Higher Education Coordinating Board Residency Grants**

**Correctional Managed Health Care Committee Contract**

**Joint Admission Medical Program Grants**

**Operational/Compliance**

**Financial/Operational**

**Financial/Compliance**

**Financial/Compliance**

**Governance/IT**

**Compliance**

**Financial/Operational**

**Management Advisory**

**Financial/Operational**

**Operational/Compliance**

**Operational/Compliance**

**Financial/Compliance**

**Financial/Compliance**

**Compliance**

**Compliance**

**Compliance**

**Compliance**

# Planned Engagements (cont.)



## Angelo State University

**Instructional Enhancement Fee**

**College of Nursing and Allied Health**

**College of Sciences**

**Office of Institutional Research & Effectiveness**

**Carr Foundation**

**Joint Admission Medical Program Grants**

**Financial/Compliance**

**Financial/Operational**

**Financial/Operational**

**IT/Controls/Operational**

**Financial**

**Compliance**

# Nature of Work



**The Office of Audit Services evaluates and contributes to the improvement of risk management, control, and governance processes. The nature of the activities is determined by a risk assessment process undertaken annually with the input of senior management and the Board of Regents. Additionally, management advisory engagements may be planned to improve the management of risks, to add value, and to improve Texas Tech's operations.**

**The Office of Audit Services' assessments and recommendations for improving Texas Tech's risk management, control, and governance processes are for the purpose of accomplishing the following objectives:**

- **promoting appropriate ethics and values within Texas Tech and its components**
- **ensuring effective organizational performance management and accountability**
- **effectively communicating risk and control information to appropriate areas**
- **effectively coordinating the activities of and communicating information among our office, the Board of Regents, external auditors, and management**

# Nature of Work (cont.)



**The Office of Audit Services evaluates risk exposures and the effectiveness of controls relating to Texas Tech's governance, operations, and information systems regarding the**

- **reliability and integrity of financial and operational information;**
- **effectiveness and efficiency of operations;**
- **safeguarding of assets; and**
- **compliance with laws, regulations, and contracts.**

**During the planning phase of each engagement, we determine the scope of work to be performed based on a unit-level assessment of risk. For most engagements, we will conduct an entrance conference and/or provide an engagement letter in order to communicate the scope and objectives of our audit to the management personnel involved.**

**The Institute of Internal Auditors, International Professional Practices Framework. (Altamonte Springs: The Institute of Internal Auditors, 2009). pp 27-30**

# Audit Process



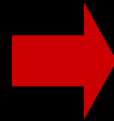
**Audits are performed in three general phases: planning, fieldwork, and reporting. As indicated earlier, the success of our efforts is monitored through the completion of self-evaluation questionnaires and the compilation of information to monitor our achievement of performance measures. We believe it is important that our process is understood. The illustration on the following page documents the procedures normally employed in the performance of an audit.**

# Audit Process (cont.)



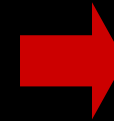
## Planning

- Select engagement team
- Perform preliminary risk assessment with input from the client, management, and audit team members
- Develop audit scope and objectives
- Document anticipated deliverables
- Prepare audit program
- Hold entrance conference



## Fieldwork

- Develop and perform detailed testing
- Document and evaluate processes and controls
- Interview client staff members
- Perform other audit procedures to meet audit objectives
- Communicate with client on an ongoing basis



## Reporting

- Document strengths and opportunities for improvement
- Communicate with client management regarding audit results
- Develop recommendations
- Prepare draft report
- Hold exit conference
- Obtain management's plan of action to address issues
- Prepare final report
- Evaluate audit performance
- Follow up on implementation of action plans



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