



TEXAS TECH UNIVERSITY SYSTEM™

Office of Audit Services

Annual Audit Plan
For the Year Ending August 31, 2016

Kimberly F. Turner, CPA
Chief Audit Executive

August 6, 2015



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Transmittal Letter



August 6, 2015

Mr. John Steinmetz
Audit Committee Chair, Texas Tech University System 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, 2016. 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,

A handwritten signature in blue ink, appearing to read "Kim Turner".

Kimberly F. Turner, CPA
Chief Audit Executive

Approved by: John Steinmetz August 6, 2015
Mr. John Steinmetz

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 Program

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 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 audit standards; and
- submitting to periodic assessment by peer review teams comprised of experienced higher education audit professionals.

Performance Measures



The staff members of the Office of Audit Services 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 our overall goals by reviewing the achievement of the following 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, Texas Tech University, Texas Tech University Health Sciences Center, Angelo State University, and Texas Tech University Health Sciences Center El Paso, respectively, assessed risk across the institutions. 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 provided 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 16 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 19,000 hours.

Of this time, approximately 1,700 hours will be dedicated to performing required audits, assisting external auditors, and completing other mandatory projects. Additionally, 1,700 audit hours are needed to complete engagements from the fiscal year 2015 annual audit plan that are in progress at year-end. We have set aside 27 percent of total chargeable time (approximately 5,200 hours) for unscheduled projects and other value-added work, including board and management requests, investigations, committee service, follow-up on prior audits, and special projects. The remaining 10,400 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 9-13.

Planned Engagements



Texas Tech University System and Components

Office of Institutional Advancement
Direct Deposit Application Security
Data Analysis
Construction Project Expenses
State Auditor's Office and Comptroller's Office Misc. Projects
CPRIT Grant Funds
Contracting and Procurement Processes
Compliance with Benefits Proportional by Fund Requirements
Texas Tech Foundation, Inc. Financial Statements
Regents, Chancellor, and Presidents Travel and Other Expenses
Office of Audit Services Annual Report
Office of Audit Services Annual Plan
Office of Audit Services Quality Assurance Activities Review
Audit Report Follow-Up Procedures and Reporting

Management Advisory
Information Technology
Risk Assessment
Financial/Compliance
Miscellaneous
Financial/Compliance
Compliance
Compliance
Financial
Compliance
Compliance
Compliance
Compliance
Follow-Up

Planned Engagements (continued)



Texas Tech University

Graduate School

Intercollegiate Athletics – NCAA Compliance

Intercollegiate Athletics – Financial Contracts

Office of Research Services

Student Business Services

College of Media and Communications

Department of Theatre and Dance

Department of Mechanical Engineering

Center in Seville

Athletics Financial Agreed-Upon Procedures

Texas Tech Public Broadcasting Financial Statements

Football Attendance Certification

IT/Operational

Financial/Compliance

Financial

Operational

IT/Operational

Financial/Controls

Financial/Controls

Financial/Controls

Financial/Controls

Financial

Financial

Compliance

Planned Engagements (continued)



Texas Tech University Health Sciences Center

School of Medicine

Title IX Compliance

Payor Provider Relations

RSAM Risk Assessment Processes

DSRIP Program Oversight Processes

Collection Agency Processes

Infection Control

Office of Sponsored Programs

Human Resource Processes

Correctional Managed Health Care Contract

Joint Admission Medical Program Grants – Lubbock SOM

Financial/Operational

Compliance

Operational

Information Technology

Financial/Compliance

Financial/Controls

Compliance/Operational

Operational

Operational

Compliance

Compliance



Planned Engagements (continued)

Texas Tech University Health Sciences Center at El Paso

Title IX Compliance
IT General Controls Review
Human Resource Processes
Contract Management Processes
Payment Services
Travel Services
Centricity Business System Implementation – Build/Test Phase
Bank Reconciliation Processes
Procurement Card Processes
SACS Financial Statement Audit
Joint Admission Medical Program Grants – El Paso PLFSOM

Compliance
Information Technology
IT/Operational
Compliance/Operational
Compliance/Operational
Compliance/Operational
IT/Controls
Financial
Compliance/Operational
Financial
Compliance

Planned Engagements (continued)



Angelo State University

Residential Programs
CS Gold Application Security
Student Financial Aid
Carr Foundation Royalty Payments
Carr Foundation Financial Statements

IT/Operational
Information Technology
IT/Compliance
Operational/Financial
Financial

Nature of Work



The Office of Audit Services evaluates and contributes to the improvement of governance, risk management, and control 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 governance, risk management, and control 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
- Communicating risk and control information to appropriate areas
- Coordinating the activities of and communicating information among our office, the Board of Regents, external auditors, and management

Nature of Work (continued)



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

- achievement of strategic objectives;
- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations and programs;
- safeguarding of assets; and
- compliance with laws, regulations, policies, procedures, 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.

Audit Process



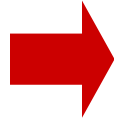
Audits are performed in three general phases: planning, fieldwork & review, and reporting. As indicated earlier, the success of our efforts is monitored through a broad internal and external quality assurance program. The illustration on the following page documents the procedures normally employed in the performance of an audit.



Audit Process (continued)

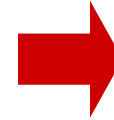
Planning

- Select engagement team
- Perform engagement 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 & Review

- Develop and perform detailed testing
- Document and evaluate processes and controls
- Interview client staff members
- Perform other audit procedures to meet audit objectives
- Review work papers for completeness and accuracy
- Evaluate audit evidence and develop conclusions
- 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
- 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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