<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmittal Letter</td>
<td>3</td>
</tr>
<tr>
<td>Mission Statement</td>
<td>4</td>
</tr>
<tr>
<td>Quality Assurance</td>
<td>5</td>
</tr>
<tr>
<td>Performance Measures</td>
<td>6</td>
</tr>
<tr>
<td>Risk Assessment Process</td>
<td>7</td>
</tr>
<tr>
<td>Allocation of Time</td>
<td>8</td>
</tr>
<tr>
<td>Planned Engagements</td>
<td>9-13</td>
</tr>
<tr>
<td>Nature of Work</td>
<td>14-15</td>
</tr>
<tr>
<td>Audit Process</td>
<td>16-17</td>
</tr>
</tbody>
</table>
August 8, 2019

Mr. Ronnie Hammonds
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, 2020. 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 almost thirty 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: Ronnie Hammonds August 8, 2019
Mr. Ronnie Hammonds
The mission of the Office of Audit Services is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.
We have instituted a continuous quality improvement control effort as required by internal audit 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 external peer review teams comprised of experienced higher education audit professionals.
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.
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, the Texas Tech University System and its institutions are in the early stages of implementing a formal Enterprise Risk Management (ERM) program. In conjunction with this program, 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, provided risk information related to strategic goals and operational processes of the institutions.

Our office also provided input into the risk assessment 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.
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 20,500 hours.

Of this time, approximately 2,000 hours will be dedicated to performing required audits, assisting external auditors, and completing other mandatory projects. Additionally, 2,700 audit hours are needed to complete engagements from the fiscal year 2019 annual audit plan that are in progress at year-end. We have set aside 28 percent of total chargeable time (approximately 5,800 hours) for unscheduled projects and other value-added work, including board and management requests, investigations, service to the profession, institutional committee service, follow-up on prior audits, and special projects. The remaining 10,000 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

<table>
<thead>
<tr>
<th>Area</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPRIT Grant Funds</td>
<td>External Audit</td>
</tr>
<tr>
<td>Contracting and Procurement Processes</td>
<td>Compliance</td>
</tr>
<tr>
<td>Benefits Proportional by Fund</td>
<td>Compliance</td>
</tr>
<tr>
<td>Texas Tech Foundation, Inc. Financial Statements</td>
<td>External Audit</td>
</tr>
<tr>
<td>Regents, Chancellor, and Presidents Travel and Other Expenses</td>
<td>External Audit</td>
</tr>
<tr>
<td>Office of Audit Services Annual Report</td>
<td>Compliance</td>
</tr>
<tr>
<td>Office of Audit Services Annual Plan</td>
<td>Compliance</td>
</tr>
<tr>
<td>Office of Audit Services Quality Assurance Activities Review</td>
<td>Compliance</td>
</tr>
<tr>
<td>Clery Act Reporting Processes</td>
<td>Compliance</td>
</tr>
<tr>
<td>State Auditor’s Office, THECB, and Comptroller’s Office Misc. Projects</td>
<td>External Audit</td>
</tr>
<tr>
<td>Construction Project Audits</td>
<td>External Audit</td>
</tr>
</tbody>
</table>
Planned Engagements (continued)

Texas Tech University

Student Financial Aid
Endowment Spending Accounts
College Reserve Balances
TAC 202 Information Technology Controls Compliance
Parking Services
Advising Processes
Intercollegiate Athletics
Certified Cost Rehabilitation Report – Weeks Hall
University Libraries
UIL Office
Athletics Financial Agreed-Upon Procedures
Texas Tech Public Media Financial Statements
Joint Admission Medical Program Grants
Football Attendance Certification

External Audit
Financial/Compliance
Financial
Financial
IT/Controls/Compliance
Financial/IT
Operational/IT
Operational/Compliance
Compliance
Financial/Operational
Financial/Controls
External Audit
External Audit
Compliance
Compliance
Planned Engagements (continued)

Texas Tech University Health Sciences Center

Student Financial Aid
Amarillo Campus Departments
Office of the Registrar
School of Pharmacy
School of Nursing
Lubbock Department of Pediatrics
Mental Health Institute
Willed Body Program
Correctional Managed Health Care Contract
Texas Higher Education Coordinating Board Residency Grants

External
Financial/Operational
Operational
Financial/Operational
Financial/Operational
Financial/Operational
Financial/Controls
Compliance
Compliance
### Texas Tech University Health Sciences Center El Paso

<table>
<thead>
<tr>
<th>Planned Engagements (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information Technology Governance</strong></td>
</tr>
<tr>
<td><strong>Physical Plant</strong></td>
</tr>
<tr>
<td><strong>MPIP Business Office</strong></td>
</tr>
<tr>
<td><strong>Research Safety</strong></td>
</tr>
<tr>
<td><strong>Student Financial Aid</strong></td>
</tr>
<tr>
<td><strong>GE Centricity EMR Application Controls</strong></td>
</tr>
<tr>
<td><strong>Hunt School of Nursing</strong></td>
</tr>
<tr>
<td><strong>Institutional Advancement</strong></td>
</tr>
<tr>
<td><strong>Texas Higher Education Coordinating Board Residency Grants</strong></td>
</tr>
<tr>
<td><strong>Willed Body Program</strong></td>
</tr>
</tbody>
</table>
Planned Engagements (continued)

Angelo State University

Contracting Office
Student Financial Aid
Office of Institutional Advancement
Payroll Security and Processes
Online Giving Processes
Athletics Financial Agreed-Upon Procedures
Carr Foundation Financial Statements
ASU Foundation, Inc. Financial Statements

Operational/Compliance
Compliance
Management Advisory
IT/Controls
IT/Management Advisory
External Audit
External Audit
External Audit
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 evaluates Texas Tech’s governance processes for:

- Making strategic and operational decisions
- Providing oversight of risk management and control processes
- Promoting appropriate ethics and values within Texas Tech and its component institutions
- 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, other assurance providers, and management
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 and consulting engagements 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 engagement.
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 with client to communicate audit plans

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
- Issue final report
- Evaluate audit performance
- Follow up on implementation of action plans