



TEXAS TECH UNIVERSITY SYSTEM™

Office of Audit Services

Annual Audit Plan
For the Year Ending August 31, 2015

Kimberly F. Turner, CPA
Chief Audit Executive

August 7, 2014



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Transmittal Letter



August 7, 2014

Mr. L. Frederick “Rick” Francis
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, 2015. 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: L. Frederick “Rick” Francis August 7, 2014
Mr. L. Frederick “Rick” Francis

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 at 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 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 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 19,200 hours.

Of this time, approximately 2,500 hours will be dedicated to performing required audits, assisting external auditors, and completing other mandatory projects. Additionally, 1,300 audit hours are needed to complete engagements from the fiscal year 2014 annual audit plan that are in progress at year-end. We have set aside 25 percent of total chargeable time (approximately 4,900 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 10,500 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

Construction Project Expenses

Office of Investments

Data Analysis

Chancellor's Office

CPRIT Grant Funds

Texas Tech Foundation, Inc. Financial Statements

Regents, Chancellor, and Presidents Travel and Other Expenses

Multihazard Emergency Plan Safety and Security Audit

Risk Management Assessment

Office of Audit Services Annual Report

Office of Audit Services Annual Plan

Office of Audit Services Quality Assurance Activities Review

Office of Audit Services Self-Assessment

Office of Audit Services External Quality Assessment

State Auditor's Office and Comptroller's Office Misc. Projects

Audit Report Follow-Up Procedures and Reporting

Financial/Compliance

Operational/Financial

Risk Assessment

Management Advisory

Financial/Compliance

Financial

Compliance

Compliance

Risk Management

Compliance

Compliance

Compliance

Compliance

Compliance

Miscellaneous

Follow-Up



Planned Engagements (continued)

Texas Tech University

Title IX Compliance	Compliance
Intercollegiate Athletics	Financial/Compliance
The Institute for Environmental and Human Health	Financial/IT
Vehicle Fleet Management	Operational/Controls
Contract Compliance	Financial/Compliance
Division of Undergraduate Education & Student Affairs	Financial/Operational
Vietnam Center and Archive	Financial/Controls
Center in Seville	Financial/Controls
Accounts Receivable Balance Sheet Review	Financial/Controls
SACS Financial Statement Review	Financial
Athletics Financial Agreed-Upon Procedures	Financial
Texas Tech Public Broadcasting Financial Statements	Financial
Football Attendance Certification	Compliance

Planned Engagements (continued)



Texas Tech University Health Sciences Center

Title IX Compliance

Institutional Compliance Office

RSAM Risk Assessment Processes

Permian Basin Medical Practice Income Plan Business Office

Accounts Receivable Balance Sheet Review

Controlled Substances

Information Technology Processes

School of Medicine Clinical Departments

Contract Compliance

Lubbock Willed Body Program

Correctional Managed Health Care Contract

Compliance

Operational/Compliance

IT/Controls

Controls

Financial/Controls

Controls/Compliance

IT/Controls

Financial/Operational

Compliance

Compliance

Compliance

Planned Engagements (continued)



Texas Tech University Health Sciences Center at El Paso

Title IX Compliance
Faculty Credentialing Process
Collection Agency Processes
Medical Practice Income Plan Revenue Distribution Processes
President's Office
Centricity Business Implementation
Financial Reporting Controls
El Paso Willd Body Program

Compliance
Compliance/Operational
Financial/Controls
Financial/Controls
Management Advisory
IT/Controls
Financial/Controls
Compliance

Planned Engagements (continued)



Angelo State University

Title IX Compliance

Facilities Management

Office of Development

Food Services Contract

Accounts Receivable Balance Sheet Review

University Health Clinic and Center for Counseling Services

Carr Foundation Royalty Payments

Carr Foundation Financial Statements

Joint Admission Medical Program Grants

Compliance

Operational/Financial

Operational/Compliance

Financial/Compliance

Financial/Controls

Operational/Controls

Operational/Financial

Financial

Compliance

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



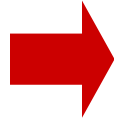
Audits are performed in three general phases: planning, fieldwork & review, and reporting. As indicated earlier, the success of our efforts is monitored through a broad internal and external quality assurance program. The illustration on the following page documents the procedures normally employed in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



Audit Process (continued)

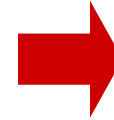
Planning

- 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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