



TEXAS TECH UNIVERSITY SYSTEM™



# Office of Audit Services

Annual Audit Report

For the Year Ended August 31, 2018

Kimberly F. Turner, CPA

*Chief Audit Executive*

*October 31, 2018*

# Transmittal Letter

October 31, 2018

Mr. Mickey L. Long  
Chair, Board of Regents Audit Committee  
Texas Tech University System

Dear Mr. Long:

We are pleased to submit the annual report of the Office of Audit Services of Texas Tech University System for the year ended August 31, 2018. This report fulfills the requirements set out in the Texas Internal Auditing Act (V.T.C.A., Government Code § 2102.009, Annual Report). It provides information related to our audit plan, a list of completed engagements, a copy of our most recent peer review, a list of external audit services procured, and a list of our other activities.

We believe the work of our office has contributed to the efficient and effective operation of Texas Tech University System by making positive contributions to risk management efforts, control systems, and governance processes. During the year ended August 31, 2018, we issued 68 reports related to various engagements, and the results of our work have been communicated to the Board of Regents through the Audit Committee and to the administration.

For further information about the contents of this report or any engagement report mentioned herein, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kim Turner', is positioned above the printed name of the signatory.

Kimberly F. Turner, CPA  
Chief Audit Executive

Copies: Texas Tech Board of Regents Audit Committee  
Chancellor Tedd Mitchell  
Legislative Budget Board  
Office of the Governor  
State Auditor's Office  
Sunset Advisory Commission

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# Compliance with Texas Government Code, Section 2102.015

Texas Government Code, Section 2102.015, requires state agencies and higher education institutions to post certain information on their Internet websites. State agencies and higher education institutions are required to post the entity's approved internal audit plan and the entity's internal audit annual report on its website at the time and in the manner provided by the state auditor.

The Office of Audit Services of Texas Tech University System posts its Annual Audit Plan on its website each year upon approval by the Texas Tech Board of Regents. Additionally, the Annual Audit Report is posted to the website after issuance to the Texas Tech Board of Regents.

This year's Annual Audit Report includes summaries of observations and recommendations as well as actions taken to address the concerns raised by the audits completed during the year. Inclusion of these summaries along with the status of implementation fulfills the requirements of this Section.

# Annual Plan for Fiscal Year 2018

The annual audit plan for Texas Tech University System for the year ended August 31, 2018, which is included in this report, was approved by the Audit Committee of the Board of Regents on August 10, 2017. There were 54 planned engagements included in the annual plan and no engagements were added during the year.

Of the planned engagements, 40 were completed, 9 were in progress at year-end, 4 were carried forward to fiscal year 2019, and 1 was cancelled. The audits carried forward to the fiscal year 2019 annual plan were TTUS Office of Institutional Advancement, TTU Costa Rica, TTUHSC Office of Strategic Initiatives Revenue Cycle Unit, and TTUHSC El Paso Transmountain Campus Business Processes. The cancelled project was TTUHSC Amarillo Campus Departments. This project was cancelled because several audits as well as a fraud investigation were conducted on the Amarillo campus during the past year.

The 9 planned audits that were in progress at year-end and their current status are as follows:

**Texas Tech University**

Office of Human Resources – Reporting

School of Law – Complete

Financial Compliance of Grant Funds – Review

Office of the Registrar – Draft Report Issued

**Texas Tech University Health Sciences Center**

Permian Basin Campus Departments – Psychiatry – Complete

**Texas Tech University Health Sciences Center El Paso**

Conflict of Interest Management Processes – Complete

TAC 202 Information Technology Controls Compliance – Complete

Paul L. Foster School of Medicine Department of Pediatrics – Reporting

**Angelo State University**

Distance Education Governance and Security Controls – Complete

Multiple construction project audits, conducted by external audit firms, were also in progress at year-end.

# Annual Plan for Fiscal Year 2018

In addition to the planned engagements and other risk-based engagements included above, 8 planned projects and 10 special projects in progress at September 1, 2017, were completed during the year. Our office began 4 special projects or investigations during the year because of changing risks and priorities, reports on the Texas Tech Compliance Hotline or directly to our office, or other factors. All four of these engagements were completed prior to August 31, 2018.

Rider 8, page III-45, the General Appropriations Act (85<sup>th</sup> Legislature) required higher education institutions to conduct an internal audit of benefits proportional by fund for fiscal years 2015 through 2017 using a methodology approved by the State Auditor's Office. The audit was required to be completed no later than August 31, 2018. The Office of Audit Services at Texas Tech University System completed an audit of benefits proportional by fund (#2018005) on April 18, 2018, which fulfilled the audit requirement. The audit report was submitted to the Legislative Budget Board, Comptroller of Public Accounts, and Texas State Auditor's Office as required. No additional audits related to benefits proportionality were required or included in the 2018 annual audit plan.

Texas Education Code, Section 51.9337(h), as added by Senate Bill 20 (84<sup>th</sup> Legislature), requires higher education institutions to annually assess whether the institution has adopted the rules and policies required by this section and submit a report of findings to the state auditor. To comply with this audit requirement, the Office of Audit Services at Texas Tech University System included an audit entitled *Contracting and Procurement Processes* on its fiscal year 2018 annual audit plan. The audit report (#2018004) was issued to management on July 27, 2018, with a copy submitted to the State Auditor's Office. A summary of the objective and observations is included in the "Audits Completed" section of this annual report.

We also performed follow-up work during the year to monitor whether management's plans of action had been effectively implemented. Status reports of outstanding audit observations and recommendations were issued at each Audit Committee meeting.

# Annual Plan for Fiscal Year 2018



TEXAS TECH UNIVERSITY SYSTEM

## Office of Audit Services

Annual Audit Plan  
For the Year Ending August 31, 2018

Kimberly F. Turner, CPA  
*Chief Audit Executive*

*August 10, 2017*

# Annual Plan for Fiscal Year 2018

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# Annual Plan for Fiscal Year 2018

## Transmittal Letter



August 10, 2017

Mr. Mickey L. Long  
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, 2018. 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 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,

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

Kimberly F. Turner, CPA  
Chief Audit Executive

Approved by: Mickey L. Long August 10, 2017  
Mr. Mickey L. Long

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# Annual Plan for Fiscal Year 2018

## Mission Statement



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.

# Annual Plan for Fiscal Year 2018

## Quality Assurance Program



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.

# Annual Plan for Fiscal Year 2018

## 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.

# Annual Plan for Fiscal Year 2018

## 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, 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.

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# Annual Plan for Fiscal Year 2018

## 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 20,900 hours.

Of this time, approximately 2,000 hours will be dedicated to performing required audits, assisting external auditors, and completing other mandatory projects. Additionally, 1,400 audit hours are needed to complete engagements from the fiscal year 2017 annual audit plan that are in progress at year-end. We have set aside 30 percent of total chargeable time (approximately 6,300 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 11,200 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.

# Annual Plan for Fiscal Year 2018

## Planned Engagements



### Texas Tech University System and Components

CPRIT Grant Funds	External Audit
Contracting and Procurement Processes	Compliance
Benefits Proportional by Fund	Compliance
Texas Tech Foundation, Inc. Financial Statements	External Audit
Regents, Chancellor, and Presidents Travel and Other Expenses	External Audit
Office of Audit Services Annual Report	Compliance
Office of Audit Services Annual Plan	Compliance
Office of Audit Services Quality Assurance Activities Review	Compliance
Office of Audit Services Self-Assessment	Compliance
Office of Audit Services External Quality Assessment	Compliance
Multihazard Emergency Plan Safety and Security Audit	Compliance
Audit Report Follow-Up Procedures and Reporting	Follow-Up
Office of Institutional Advancement	Management Advisory
Construction Audits	External Audit
State Auditor's Office, THECB, and Comptroller's Office Misc. Projects	External Audit

# Annual Plan for Fiscal Year 2018

## Planned Engagements (continued)



### Texas Tech University

Office of Human Resources  
Office of the Registrar  
Intercollegiate Athletics  
Student Media  
Office of Research Commercialization  
Financial Compliance of Grant Funds  
Costa Rica  
Building Control Systems Security  
Scholarship Tracking System Security  
School of Law  
Athletics Financial Agreed-Upon Procedures  
Texas Tech Public Media Financial Statements  
Football Attendance Certification

Operational/Controls  
IT/Operational/Controls  
Compliance/Operational  
Financial/Controls  
Financial/Controls  
Compliance  
Financial  
IT Security  
IT Security  
Financial/Controls  
External Audit  
External Audit  
Compliance



# Annual Plan for Fiscal Year 2018

## Planned Engagements (continued)



### Texas Tech University Health Sciences Center

Department of Family Medicine	Financial/Operational
Conflict of Interest Management Processes	Compliance/Operational
Office of Strategic Initiatives Revenue Cycle Unit	Management Advisory
Permian Basin Campus Departments	Operational/Controls
Amarillo Campus Departments	Operational/Controls
Department of Obstetrics and Gynecology	Financial/Operational
Physical Plant and Support Services	Financial/Operational
Electronic Medical Record Application Review	IT Security/Controls
Procurement Card Processes	Financial/Compliance
Correctional Managed Health Care Contract	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance

# Annual Plan for Fiscal Year 2018

## Planned Engagements (continued)



### Texas Tech University Health Sciences Center El Paso

SACS Financial Statement Audit  
Physical Plant  
GE Centricity Business Application Security  
Paul L. Foster School of Medicine Department of Pediatrics  
Paul L. Foster School of Medicine Department of Internal Medicine  
Transmountain Campus Business Processes  
TAC 202 Information Technology Controls Compliance  
Conflict of Interest Management Processes  
Texas Higher Education Coordinating Board Residency Grants

External Audit  
Financial/Controls  
IT Security/Controls  
Financial/Operational  
Financial/Operational  
Financial/Controls  
IT/Controls/Compliance  
Compliance/Operational  
Compliance

# Annual Plan for Fiscal Year 2018

## Planned Engagements (continued)



### Angelo State University

Accounts Payable Processes  
Procurement Processes  
eLearning Governance and Security Controls  
Information Technology General Controls Review  
ChromeRiver System Implementation Review  
Center for International Studies Admission Processes  
Carr Foundation Financial Statements  
Joint Admission Medical Program Grants  
ASU Foundation, Inc. Financial Statements

Operational/Controls  
Operational/Compliance  
IT/Governance  
IT/Controls/Compliance  
IT/Controls  
IT/Controls/Compliance  
External Audit  
Compliance  
External Audit

# Annual Plan for Fiscal Year 2018

## 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 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

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# Annual Plan for Fiscal Year 2018

## 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.

The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017). pp 54-55

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# Annual Plan for Fiscal Year 2018

## Audit Process



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.

# Annual Plan for Fiscal Year 2018

## 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

# Audits Completed

## Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2018008	10/31/2017	Office of Audit Services Annual Audit Report	As required by State law and Regents' Rules, we have prepared the annual report for our office in accordance with guidelines established by the State Auditor's Office. The report includes the results of our activities for fiscal year 2017, our latest external quality assurance review, lists of audit and non-audit engagements completed, external audit services provided to Texas Tech, and the 2017 and 2018 annual audit plans.	No recommendations to implement.
N/A	12/2017	Contractor Selection Process Review: TTU Maedgen Theatre	<p>Texas Tech University System engaged Baker Tilly, a professional services firm, to evaluate the procurement and contracting practices used to select the contractor for the TTU Maedgen Theatre project. Baker Tilly interviewed selection committee members and key individuals, reviewed documents, and evaluated the selection process against TTUS policies and procedures. Baker Tilly concluded that TTUS contractor selection processes and procedures were followed for the Maedgen Theatre project.</p> <p>During this engagement, Baker Tilly also evaluated TTUS's approach and current policies and procedures related to contractor selection. Baker Tilly noted both strengths and opportunities to adopt additional leading practices related to education for selection committee members, facilitation of selection meetings, contract language, and policies for handling situations that could present an increased risk of award challenge.</p>	<p>Incomplete/ongoing</p> <p>All but one recommendation has been implemented, and the final recommendation is in progress.</p>
N/A	1/9/2018	Construction Project Expenses – TTU Honors Residence Hall	Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of the Texas Tech University Honors Residence Hall was performed by RSM US LLP (RSM), a public accounting and consulting firm engaged by Texas Tech University System. On September 1, 2015, Texas Tech University System entered into a design-build cost plus at	No recommendations to implement.



# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>risk agreement (Agreement) with The Whiting-Turner Contracting Company (Whiting-Turner) for construction management of the TTU Honors Residence Hall. As of September 30, 2017, the contract value was \$27,336,620.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 23, which was for services provided through September 30, 2017. The total amount completed and stored-to-date, including the construction manager's fee, was \$26,231,767. The auditors verified that the entirety of this amount represented costs that were incurred by the contractor and that were allowable under the Agreement.</p>	
N/A	2/5/2018	Construction Project Expenses – TTUS System Office Building	<p>Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of the Texas Tech University System Office Building was performed by RSM US LLP (RSM), a public accounting and consulting firm engaged by Texas Tech University System. On July 20, 2015, Texas Tech University System entered into a construction manager at risk agreement (Agreement) with J.T. Vaughn LLC (J.T. Vaughn) for construction management of the TTUS Office Building. As of December 31, 2017, the contract value was \$21,460,914.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 33, which was for services provided through December 31, 2017. The total amount billed as of that date, including the construction manager's fee, was \$21,376,017. The auditors identified \$266,098 in unallowable costs in J.T. Vaughn's job cost ledger and verified that Texas Tech was not billed for these items. All costs were billed in accordance with the Agreement.</p>	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2018007	2/19/2018	Credit Card, Travel Expenses and Charter Flights of Board of Regents, Chancellor and Presidents Agreed-Upon Procedures	The CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, conducted an agreed-upon procedures engagement in which they reviewed fiscal year 2017 expense reimbursements, credit card expenses, and charter flights of the regents, chancellor, and presidents. The auditors noted one duplicate meal payment totaling \$35.00 and \$143.24 in personal charges identified by Texas Tech University management on the corporate card. These amounts have been reimbursed to Texas Tech. The auditors also noted \$563.14 of meals included on hotel receipts that were not itemized.	No further recommendations to implement.
2018006	3/7/2018	Texas Tech Foundation, Inc. 2017 Financial Statements and Independent Auditor's Report	<p>We assisted the independent audit firm of Eide Bailly, LLP, in the annual audit of Texas Tech Foundation, Inc., for the year ended August 31, 2017. The auditor issued an unmodified opinion on the financial statements. Management identified and recorded one adjustment to increase the fair value of investments by \$2,229,456. This routine adjustment was necessary because additional updated balances were received from investment managers after the financial statement closing process. There were no issues of concern disclosed in the auditor's required communications letter to the Board.</p> <p>Near the end of the audit, Eide Bailly determined that the Foundation's financial statements should be prepared in accordance with the standards of the Governmental Accounting Standards Board (GASB) rather than the standards of the Financial Accounting Standards Board (FASB), under which the financials had been prepared for many years. By reporting the financial statements under the standards of FASB rather than GASB in prior years, the financial statements included pledges restricted for endowment that are not recognized under GASB, and certain disclosures required by GASB were omitted from the audited financial statements. The auditors reported in the management letter that they consider the deficiency in internal controls that led to reporting under</p>	No further recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			FASB standards to be a material weakness. Management responded that although previous audit firms had opined on the Foundation's financial statements presented under FASB standards from 1994 through 2016 without raising a concern about the presentation, they will ensure the proper presentation of the financial statements in accordance with GASB standards in future years.	
2018013	3/29/2018	Multihazard Emergency Management Plan Safety and Security	The objective of this engagement, required by the Texas Education Code, was to verify that Texas Tech University System and its component institutions are in compliance with Texas Education Code Sections 51.217, "Multihazard Emergency Operations Plan; Safety and Security Audit" and 51.218, "Emergency Alert System." Overall, Texas Tech University System and its institutions have established processes and procedures to ensure compliance with Texas Education Code Sections 51.217 and 51.218. However, improvements can be made at TTUHSC EP to ensure personnel are adequately trained and prepared to respond in emergency situations. Management agrees with this recommendation and has notified the individual to complete training within a specified timeframe.	Implemented
2018005	4/18/2018	Compliance with Benefits Proportional by Fund Requirements	<p>The objective of this audit was to ensure that proportional benefits by fund are accurately calculated and applied according to the established guidelines set forth in Article IX, Section 6.08 of the General Appropriations Act, 83rd and 84th Legislature, and the policies and procedures established by the Office of the Comptroller of Public Accounts. The audit covered fiscal years 2015, 2016, and 2017, and included TTU, TTUHSC, TTUHSC EP, and ASU.</p> <p>We concluded that Texas Tech University System's member institutions generally comply with the defined provisions and guidelines for reporting benefits proportionally by fund. Deposits to the State Treasury and transfers recorded in the</p>	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Uniform Statewide Accounting System (USAS) are reasonable, appropriate, and in line with the expected activity of the member institutions, and we did not identify ineligible salaries funded through the General Revenue Fund. Although we did not identify systemic issues, we noted the inclusion of certain items by TTU and ASU that are not subject to proportionality calculations. None of the errors were material in relation to the institutions' state appropriations, either individually or in the aggregate. Each institution should continue to develop and implement procedures to ensure full compliance with policy and established guidelines.	
2018011	4/27/2018	Office of Audit Services Quality Assurance Self-Assessment	Christy Esqueda, El Paso Audit Director, performed a self-assessment of the operations of our office. The self-assessment was performed in accordance with The Institute of Internal Auditors' <i>International Standards for the Professional Practice of Internal Auditing</i> in preparation for our triennial external quality assessment. The self-assessment concluded that the Office of Audit Services generally complies with the <i>International Standards for the Professional Practice of Internal Auditing</i> , the United States Government Accountability Office <i>Generally Accepted Government Auditing Standards</i> , and the Texas Internal Auditing Act. The report also included recommendations to update references to a quality control standard and to more consistently document the consideration of fraud risks and the disposition of all risks identified in the engagement planning process. The Chief Audit Executive agrees with the recommendations and plans to engage the Audit Services leadership team to evaluate operational processes for efficiency and revamp the audit report format to better communicate risks and issues with clients and stakeholders.	Incomplete/ongoing  The recommendation related to updating a quality control standard has been implemented. Other recommendations are in progress.
2018003	5/23/2018	Cancer Prevention and Research Institute of Texas (CPRIT) Grant Funds	The objective of this engagement, required annually by CPRIT, was to verify Texas Tech University System institutions are compliant with established CPRIT grant	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			requirements for fiscal year 2017 expenditures. This audit, which was performed by the independent CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, covered 32 grants totaling over \$40 million at TTUHSC, TTUHSC EP, TTU, and ASU, of which \$7 million was expended during fiscal year 2017. The audit concluded that the institutions complied, in all material respects, with the compliance requirements that could have a direct and material effect on CPRIT awards. In addition, the auditors did not note any deficiencies in internal controls that they consider to be material weaknesses.	
N/A	6/27/2018	TTUS Construction Project Expenses – ASU Archer College of Health and Human Services Building	<p>Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of Angelo State University's Archer College of Health and Human Services Building (Archer College Building) was performed by RSM US LLP (RSM), a public accounting and consulting firm engaged by Texas Tech University System. On May 31, 2016, Texas Tech University System entered into a construction manager at risk agreement (Agreement) with Western Builders Amarillo, Inc. (Western Builders) for construction management of the Archer College Building project at ASU. As of January 31, 2018, the contract value was \$18,350,000.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 18, which was for services provided through January 31, 2018. The total amount billed as of that date, including the construction manager's fee, was \$17,687,610. The auditors identified a total of \$18,545 in potential unallowable costs. The largest component of questionable costs was \$14,967 in self-performed labor cost performed by employees whose costs are included in general conditions; however, Western Builders provided timecard information to confirm these costs were not billed in general conditions. RSM has also reviewed final</p>	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			subcontract costs and cleared the remaining \$3,578 of the cost variance, which was a timing difference in subcontractor costs.	
2018012	7/23/2018	Office of Audit Services External Quality Assurance Review	In accordance with The Institute of Internal Auditors' <i>International Standards for the Professional Practice of Internal Auditing</i> (Standards) and the Texas Internal Auditing Act, we participated in an external quality assessment of our operations. The team concluded that our office generally conformed to the Standards in all material respects during the period under review. In addition to noting a number of strengths of the Office of Audit Services, the peer review team recommended more stringent follow-up to management action plans, enhancing the Office's data acquisition capabilities for fraud investigations, improving documentation of continuing education, encouraging further development and maturity of the Enterprise Risk Management program, and aligning the Office's IT risk assessment with an established framework. The chief audit executive agrees with the recommendations of the peer review team and has begun implementation.	Incomplete/ongoing  The recommendation related to continuing education documentation has been implemented. The other recommendations are in progress.
2018009	8/9/2018	Office of Audit Services 2019 Annual Audit Plan	<p>In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we prepared our 2019 annual audit plan based on the results of a formal risk assessment process. Our plan of work incorporates all the components of the Texas Tech University System, including Texas Tech University System Administration, Texas Tech University, Texas Tech University Health Sciences Center, Angelo State University, and Texas Tech University Health Sciences Center El Paso.</p> <p>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 also scheduled time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit</p>	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			recommendations, and other value-added work. Sections 01.02.8 and 07.02.7, <i>Regents' Rules</i> , require Board approval of the plan.	
2018004	7/27/2018	Contracting and Procurement Processes	<p>The objectives of this audit were to assess whether the System and its component institutions have adopted the rules and policies required by Senate Bill 20, Section 23; update the tool previously developed to assess an individual department's compliance with Senate Bill 20 provisions; and determine if the System and its component institutions have implemented procedures for enhanced contract monitoring that are effective in both design and operation.</p> <p>Texas Tech University System and its component institutions have adopted the rules and policies required by Section 23 of Senate Bill 20, and our contracting compliance tool has been updated to reflect current Regents' Rules and component institution operating policies and procedures. Overall, the System and its component institutions have implemented various procedures for enhanced contract monitoring; however, we identified opportunities for improvement related to enhanced contract monitoring and required reporting of certain contracts to the Board of Regents. Management at the component institutions agree and have begun implementation.</p>	<p>Incomplete/ongoing</p> <p>Pending verification by the Office of Audit Services on two recommendations, and not yet time to follow up on an additional three recommendations.</p>
2018010	7/27/2018	Office of Audit Services Quality Assurance Activities	In accordance with generally accepted government auditing standards (GAGAS) Standard 3.95, which requires audit organizations to analyze and summarize the results of their monitoring procedures at least annually, Assistant Chief Audit Executive Teresa Jack completed a review of our office's quality assurance activities. Her procedures also included following up on recommendations from prior self-assessment and external peer review reports. Ms. Jack concluded that the Office of Audit Services has established procedures that provide reasonable assurance that audits and other	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			engagements are performed and reports are issued in accordance with professional standards.	



# Audits Completed

## Texas Tech University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2017034	9/8/2017	Office of the Vice President for Research	The objectives of this audit were to assess the financial sustainability of the Texas Tech University Office of the Vice President for Research (OVPR) and the use of facilities and administrative (F&A) cost recovery funds; to evaluate the design and effectiveness of the conflict of interest disclosure process for research activities; and to determine if the OVPR is managing contracts in compliance with the Texas Tech University System's Contract Management Handbook. Management is monitoring and managing respective contracts in compliance with the Texas Tech University System's Contract Management Handbook, and F&A cost recovery funds are properly expended to support and enhance the sponsored activities of the University. However, we noted that OVPR management is projecting a negative fund balance beginning with fiscal year 2018, even though there is an accumulation of unexpended F&A cost recovery funds within the colleges. Additionally, there are opportunities to improve conflict of interest policies and procedures specific to research and sponsored activities. Specific aspects of the conflict of interest disclosure processes for research and sponsored activities are not designed or not operating in a manner that ensures full compliance with federal regulations and University policy. Management agrees with our recommendations and has begun implementation.	Incomplete/ongoing  Pending verification by the Office of Audit Services.
2017075	11/20/2017	Texas Tech Equestrian Team Special	This review of the Texas Tech Equestrian Team's financial activities was not included in our annual audit plan, but was conducted after an allegation of fraud was brought to our attention by the Texas Tech Police Department. A former student officer used Team funds, which are not University resources, for personal expenditures and made cash withdrawals from Team bank accounts totaling a minimum of \$21,666. There are an additional \$12,237 in suspicious	No recommendations to implement as additional financial controls were implemented during the course of the engagement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>transactions where missing records prevent a final determination as to their appropriateness. Furthermore, cash deposits were made regularly both before and after the former student officer's term, but ceased altogether during her term. While the former student officer made no cash deposits for 17 months, \$12,946 was deposited during the following year after a new student officer took office.</p> <p>There was a lack of controls over purchasing and bank account activity; however, financial oversight was more difficult because the former student officer altered Team bank statements to disguise or remove inappropriate activity. The Team recently implemented additional financial controls, including account reconciliations and a system to closely control debit cards.</p>	
2017083	11/28/2017	Department of Political Science Bank Account	<p>This engagement was added to our audit plan after concerns were raised about the use of an external bank account by the Department. The objectives of this engagement were to determine whether fraudulent activity or activity non-compliant with University policy has occurred, and ensure all funds generated under an external contract were deposited. Overall, we concluded fraudulent activities have not occurred and the Department received all expected revenue. The Department erroneously believed the entity used to open the external bank account was a de facto extension of Texas Tech University. However, the Department utilized the funds in the external bank account to bypass the normal expenditure control processes within the University, resulting in violations of University operating policies. During the review, Department management completed our recommendation to close the external bank account and transfer the funds to a University-controlled account and processes. No outstanding recommendations remain.</p>	Recommendation was implemented during the course of this engagement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2018016	12/5/2017	NCAA Football Attendance Certification	In order to comply with the requirements established by NCAA Bylaw 20.9.9.3.2, our office reviewed attendance at the six home football games for the 2017 season. The Bylaw requires that Division I-A institutions average at least 15,000 in actual attendance for all home football games. Our procedures indicate that Texas Tech University met the requirement with attendance far exceeding the 15,000 required.	No recommendations to implement.
2018076	12/5/2017	Reach Across Texas Grant Special	This engagement was added to our audit plan after we received a report that a former College of Education staff member misappropriated two student refund checks totaling \$2,099. The former staff member did not have financial authority over institutional funds; thus, our audit did not uncover additional fraud. The College made procedural changes, and there are no outstanding recommendations.	Recommendations were implemented during the course of this engagement.
2018014	12/5/2017	Intercollegiate Athletics Agreed-Upon Procedures	Grant Thornton, an independent CPA firm, performed agreed-upon procedures required annually by the NCAA. For the year ended August 31, 2017, the external auditors reviewed revenues and expenses, noting changes from budgeted amounts or from prior years. The engagement performed was not an audit, so no opinion was expressed by the auditors.	No recommendations to implement.
2017074	2/13/2018	Texas Manufacturing Assistance Center – West Texas	This engagement was not included in our annual audit plan, but was added to review a potential conflict of interest situation between the director of TMAC West Texas, which is a “specialty center” under the Northwest Texas Small Business Development Center, and a subcontracting party. We concluded that a conflict of interest exists, and that this conflict has not been properly disclosed in accordance with University policy. Agreements between these two parties were not reviewed by the appropriate University department as required by policy. In addition, a significant portion of the TMAC West Texas director’s working time during 2017-2018 was spent in the Houston/Gulf Coast region. We also reviewed the use of special item support funding from the State of Texas for the Northwest Texas Small Business Development Center and	Incomplete/ongoing  Pending verification by the Office of Audit Services on one recommendation related to contracts. Other recommendations have been implemented.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			confirmed that the funds were used in accordance with the restrictions imposed by the Legislative Budget Board. Management agrees with the recommendations made in this report and has referred the matter to the University's Conflict of Interest Committee.	
2017081	2/15/2018	Institute for Measurement, Methodology, Analysis, and Policy	We performed this engagement after concerns were raised regarding grant project administration and billing and negative fund balances in two IMMAP funds. Overall, the financial controls over the purchasing process are effective; however, current billing processes are not in compliance with the University's academic service center policy. Additionally, the submission of grant proposals to the Office of Research Services does not always occur in a timely manner. Finally, IMMAP's expenses have consistently exceeded revenue causing year-over-year negative fund balances. University management has outlined a plan to resolve IMMAP's negative fund balances, and IMMAP management has submitted an action plan to address the recommendations.	Implemented
2018015	3/14/2018	Texas Tech Public Media 2017 Financial Statements	<p>Texas Tech Public Media is a telecommunications entity licensed to Texas Tech University that operates KTTZ-TV and two radio stations: KTTZ-FM and KNCH-FM. We assisted the independent audit firm of Eide Bailly, LLP, with the annual audit of Texas Tech Public Media for the year ended August 31, 2017, and preparation of the annual report for submission to the Corporation for Public Broadcasting (CPB). This audit is required by the CPB and was included in our annual plan. The independent auditors issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board; additionally, there were no proposed but unrecorded journal entries.</p> <p>During the review process prior to report issuance, TTU management identified that Texas Tech Public Media had not</p>	No further recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			previously recorded receivables for outstanding pledges. Management included the appropriate amounts in the 2017 financial statements and prepared journal entries to restate the 2016 financial statements by recording pledges receivable of \$29,808. The auditors concluded that the need for a prior year adjustment indicates the prior and interim financial information was not materially correct, potentially impacting management decisions, and reported this as a material weakness in the management letter. Management will ensure the appropriate handling of pledges receivable in future years.	
2017074b	4/6/2018	Texas Manufacturing Assistance Center – West Texas Travel Reimbursements	We performed this engagement after the TTU Travel Office notified us of suspected fraudulent travel expenses in TMAC-West Texas. We concluded one field advisor and the director mischaracterized travel expenses to receive personal mileage reimbursements that exceeded the actual expenses incurred by renting vehicles. Specifically, we identified 21 instances of excess reimbursements totaling \$7,346 for the field advisor and 6 instances totaling \$1,510 for the director. Both employees were terminated for cause. The fraudulent payments involved state funds and federal funds awarded under a subcontract from The University of Texas at Arlington to TTU. The Vice President for Research has notified The University of Texas at Arlington and the federal agency – the National Institute of Standards and Technology – of the fraudulent payments. The Vice President for Research will determine what, if any, repayments are necessary to the prime awardee, the grant income accounts, and any affected vendors.	Implemented
2018025	4/13/2018	Industrial Control Systems Security	The objective of this audit was to evaluate security and controls surrounding the information technology infrastructure and information systems that support industrial control systems in the TTU Operations Division. The Division has employed limited physical and logical controls to protect industrial control systems. We recommended improvements to the security and controls of the information technology environment by securing physical access to industrial control	Incomplete/ongoing  Follow-up on recommendations is currently underway.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			systems and networks, implementing consistent and robust user access management practices, enforcing strong password policies in accordance with institutional policy, conducting training on business continuity plans, periodically performing system back-ups, and facilitating physical key assignment audits. Management agrees with our recommendations and has begun implementation.	
2018049	4/27/2018	Department of Student Media	The objective of this audit was to evaluate Student Media's advertising revenue process for effective controls and procedures that ensure the completeness and accuracy of soliciting, receipting, and documenting advertising revenues. Overall, Student Media has implemented procedures and controls to ensure advertisements are complete and accurate. However, financial analysis revealed that Student Media does not generate sufficient revenue to fund their ongoing operations. In addition, we identified opportunities to ensure student workers are compensated in compliance with TTU operating policies and state and federal labor laws. We also noted Student Media has not received approval for extending credit to advertisers as required by policy. Management agreed with our recommendations, and Student Media has collaborated with Human Resources to modify student payroll practices to ensure compliance with operating policies and state and federal labor laws. Additionally, they are formalizing credit extension processes and will obtain necessary approvals before extending additional credit.	Incomplete/ongoing  The recommendation related to student compensation has been implemented. The extension of credit process is being reviewed by executive management.
2017087	5/7/2018	Division of Diversity, Equity, and Inclusion	This engagement was not included in our annual plan, but was conducted after new Division management and Human Resources raised questions regarding the legitimacy of several vendors the Division engaged as guest speakers. We identified significant concerns regarding the Division's governance and working environment under previous leadership, as well as weak or non-functioning financial controls. The Division's culture was authoritarian in nature, resulting in employees not	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>expressing concerns for fear of retaliation. Current and former employees described pre-audit Division leadership as hostile and intimidating. The Division's culture, combined with weak financial processes, allowed fraud and abuse to flourish over the last several years.</p> <p>We confirmed fraudulent travel reimbursements, fake speaker fees, and unreported leave by three employees totaling \$112,021, plus kickbacks from vendors to employees of at least \$27,575. There is another \$81,694 in unsubstantiated speaker fees and employee alterations to speaker invoices. During our investigation, the Associate Vice President of the Division and the Senior Director of Community Engagement resigned from the University, and a Unit Coordinator in Community Engagement was terminated.</p> <p>Management agrees with the recommendations in this report and has begun implementation. Division leadership will work to redefine the Division's culture, implement a conflict of interest disclosure process, and require employees to attend fraud prevention training. Additionally, improvements will be made to strengthen controls over purchasing, travel reimbursement, and leave reporting processes.</p>	
2018024	5/16/2018	Office of Research Commercialization	<p>The objectives of this audit were to evaluate the Office of Research Commercialization's financial management and reporting processes and to document its accounting and funding structure. Overall, management has implemented certain financial controls, including segregating key financial functions and periodically reviewing financial spreadsheets and accounting ledgers. Additionally, testing indicated annual reports of metrics submitted to the Texas Tech University Office of the Vice President for Research are accurate. However, the Office's financial spreadsheets and intellectual property management application are not reconciled to the institution's financial system, and there are opportunities to</p>	<p>Incomplete/ongoing</p> <p>The recommendation related to reporting of metrics to all System institutions has been implemented. Follow-up is currently underway for the remaining two recommendations.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			improve documentation and cross-training for key financial processes. There are also opportunities to provide more consistent reporting of metrics to the Texas Tech University System (System) institutions, as all System institutions receive services from and provide financial support to the Office of Research Commercialization. Management agrees and has begun implementation.	
2017088a	7/19/2018	Academic Department Deposit Review – College of Arts and Sciences	<p>This engagement was added to our audit plan after concerns were raised regarding the use of external bank accounts by Texas Tech University academic departments, the sources of funds in those external accounts, and donations from these external accounts to the University. The objective of this audit was to identify outside bank accounts used by Texas Tech University academic departments and determine the source of funds in those bank accounts and whether fraudulent activity or activity non-compliant with University policy has occurred. The scope of this engagement included all Texas Tech University colleges and academic departments.</p> <p>Departments in the College of Arts and Sciences were found to have two outside bank accounts: “History Faculty Association” and “Chemistry Flower Fund.” We reviewed the external bank statements for both accounts from May to October 2017 and did not note suspicious activity. The History account contained royalties that should have been deposited into a University account, and all funds were deposited with the University during the audit. The Chemistry account contains only small donations from faculty and staff and is used as a coffee account. We have no recommendations related to this account.</p>	No recommendations to implement.
2017088b	7/19/2018	Academic Department Deposit Review – Department of Agricultural Education and Communications	This engagement was added to our audit plan after concerns were raised regarding the use of external bank accounts by Texas Tech University academic departments, the sources of funds in those external accounts, and donations from these external accounts to the University. The objective of this audit	<p>Incomplete/ongoing</p> <p>Update from department management on the alumni association is expected at the</p>



# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>was to identify outside bank accounts used by Texas Tech University academic departments and determine the source of funds in those bank accounts and whether fraudulent activity or activity non-compliant with University policy has occurred. The scope of this engagement included all Texas Tech University colleges and academic departments.</p> <p>The Department of Agricultural Education and Communications was found to have two external bank accounts – “Agricultural Education Alumni Association” and “Agricultural Communications Student Magazine.” With regard to the Alumni Association account, we reviewed external bank statements for July through December 2017 and did not note any suspicious activity. Still, since the Agricultural Education Alumni Association, which was formed decades ago as a grass-roots fundraising effort, is not a 501(c)3 tax-exempt entity, management intends to bring the Association under the umbrella of the Texas Tech Alumni Association. With regard to the Student Magazine account, we reviewed the external bank statements for July 2017 through February 2018 and did not note any suspicious activity. Because the activities related to this account are an educational business activity, management has moved the funds to a University account and will close the outside bank account.</p>	end of October 2018. The recommendation related to the student magazine has been implemented.
2018048	7/16/2018	Scholarship Tracking System Security	<p>The objective of this audit was to evaluate controls and security surrounding scholarships awarded through the Scholarship Tracking System. The scope of our work included user access testing and review processes, scholarship approval processes, and user training on the system. Overall, the Scholarship Office has implemented a number of controls in their processes as well as through the Scholarship Tracking System to control access and track activity. However, there are opportunities for the Scholarship Office to strengthen user access management by engaging departmental management in user reviews and periodically reviewing users with direct</p>	<p>Incomplete/ongoing</p> <p>It is not yet time to follow up on these recommendations.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			access to modify scholarships in Banner. Lastly, there is an opportunity to increase the level of review in the Scholarship Tracking System prior to posting scholarships to student accounts. Management agrees with the recommendations in this report and has begun implementation.	
2018036	7/19/2018	Intercollegiate Athletics	<p>In December 2017, Athletics Compliance Office management notified our office of improper scholarship disbursements to one current and two former student-athletes. The Athletics Business Office and the Office of Student Financial Aid and Scholarships identified the improper scholarship disbursements through detective controls; however, the cause of the disbursements was unknown. The objective of this engagement was to determine whether controls exist and are effective in ensuring compliance with NCAA bylaws in the areas of maximum financial aid limitations by individual and sport.</p> <p>Overall, controls exist and are generally effective in ensuring compliance with NCAA bylaws in the areas of maximum financial aid limitations by individual and sport. Additionally, the three improper scholarship disbursements identified through detective controls resulted from human errors. Athletics Compliance, Athletics Business Office, and the Office of Student Financial Aid and Scholarships have identified process changes to address the errors as well as communication issues highlighted by the errors. Our office did not identify any additional scholarship disbursement errors nor any necessary enhancements to controls as a result of the human errors noted. However, we identified opportunities to enhance controls surrounding reviews of information utilized to monitor compliance with sport maximum financial aid limitations. Management agrees and has begun implementation.</p>	<p>Incomplete/ongoing</p> <p>It is not yet time to follow up on these recommendations.</p>

# Audits Completed

## Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2017089	8/31/2017	Department of Dermatology Cash Controls	This engagement was not included in our annual plan, but was conducted after an allegation regarding potential fraud was brought to our attention. Our audit objectives were to evaluate the controls surrounding the cash handling process and to investigate the allegation of fraud. We did not find evidence of fraud or abuse. While there are several effective controls surrounding the cash handling process, including periodic surprise cash counts performed by management, limited access to the safe, periodic changing of the safe combination, and physical count of funds several times daily, there are additional opportunities to refine and improve cash handling controls. Management agrees with our recommendations to document the transfer of funds between front desk staff and the depositor, ensure change funds are stored in locking drawers that are only accessible to the cashier, store change funds in locked bags overnight, and audit GE Centricity Business batch proofs to ensure a deleted payment form is included for each deleted payment.	Implemented
2017015	10/19/2017	Correctional Managed Health Care Contract	The objective of this engagement, included in our annual plan to satisfy the annual audit requirement in the contract between the Texas Department of Criminal Justice and TTUHSC, was to evaluate CMHC's processes to monitor contracted health care entities to ensure the contracted parties are meeting the financial and reporting requirements of the contracts. Specifically, the engagement included the contracts with Hendrick Medical Center (Hospital) for the on-site care provided at three units. Required monthly financial and personnel reports and invoices are submitted timely by the Hospital and reviewed by CMHC staff. However, CMHC does not have processes to verify or periodically monitor additional requirements of the Hospital such as certain certifications, insurance, accreditations, and licenses. Management agreed	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			with our recommendation to expand its contract monitoring procedures to ensure all such contractual requirements are verified and periodically monitored.	
2017051	11/30/2017	Amarillo SiMCentral	The objectives of this audit were to depict SiMCentral's overall financial profile, evaluate financial controls for effectiveness, and ensure the Mobile Teaching Unit is operating in accordance with applicable policies. SiMCentral, located on the TTUHSC Amarillo campus, is a partnership between TTUHSC Amarillo, West Texas A&M University, and Amarillo College whose mission is to provide multi-disciplinary education opportunities to improve patient safety and clinical outcomes by integrating clinical simulation and evidence-based training methodologies. SiMCentral's revenue primarily consists of partner contributions, conference and seminar fees, and private contracts. SiMCentral's financial controls provide reasonable assurance that revenue is collected timely and expenses are appropriate, and the Mobile Teaching Unit is operating in accordance with applicable policies. However, management can enhance payment processes by moving away from utilizing employee one-time payments.	Implemented
2018018a	12/20/2017	Texas Higher Education Coordinating Board Residency Grants	We performed this audit of the Texas Higher Education Coordinating Board Residency Grants to meet the audit requirements of the grant which are imposed by the Coordinating Board. The objective of the audit was to determine if TTUHSC complied with Coordinating Board guidelines related to the grants. Total fiscal year 2017 expenditures were \$1,049,140. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC's financial system.	No recommendations to implement.
2017050a	12/20/2017	Student Business Services	The objectives of this audit were to evaluate processes related to cash handling, student billing, and the new student short-term loan system. Management of Student Business Services has implemented a cash handling control structure that	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			effectively safeguards deposits. Additionally, students are being billed correctly; however, certain fees billed vary from the Global Fee Document as it does not clearly indicate the cohorts that will be charged certain tuition and fees. Furthermore, one Student Business Services employee updates the tuition and fee rates in the Banner Student system and also performs student bill testing. There is no additional review to ensure student billing is accurate, and the testing documentation maintained is not sufficient for a third party to fully re-perform the testing. Finally, the new short-term loan system was created with appropriate application controls, including segregation of duties, and is accurately processing loans as expected. Management agrees with the recommendations and has begun implementation.	
2017050b	1/3/2018	Short-Term and Emergency Loan Programs	During Student Business Services audit, we determined that certain recommendations should be made to the Office of Financial Aid rather than to the original report recipient. Financial Aid management will review the short-term and emergency tuition loan awarding process and formally define the eligibility requirements, including loan amounts, number of loans allowed per student, and eligibility if students are delinquent on prior loans. Management will also implement a control structure to ensure eligibility requirements are followed during the application and award processes. Finally, as the current eligibility criteria and loan terms differ from those approved by the Board of Regents in 1986, management will obtain updated approval from the Board as necessary.	Implemented
2017040	3/5/2018	Collection Agency Processes	The objectives of this audit were to review collection agency processes for compliance with select contract terms; analyze the completeness and accuracy of accounts sent to collection agencies; and determine if the process for transferring patient information between the collection agencies and the Business Offices is secure. Overall, the Health Sciences Center is operating in compliance with collection agency contracts. The Health Sciences Center appropriately vetted contracts and	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			received revenue in accordance with contract terms. Recalled collection accounts and patient refunds processed after accounts were sent to collections occurred as expected. Additionally, Health Sciences Center Information Technology staff has verified external protocol security and implemented additional controls to ensure patient data transfer is appropriately secure. There were no recommendations for improvement.	
2017085	3/5/2018	Amarillo Pediatrics Purchasing Card Review	<p>This engagement was not included in our annual plan but was added as a special project after department management notified our office of questionable purchasing card activity by the Business Coordinator in the Amarillo Department of Pediatrics. The objectives of this audit were to review the Business Coordinator's financial activities for fraud and abuse and to evaluate the department's controls over purchasing activities.</p> <p>Between fiscal years 2010 and 2017, the Business Coordinator used TTUHSC purchasing cards and purchase orders to make fraudulent purchases estimated at \$46,614 that did not have a valid business purpose and/or were shipped directly to her home or other personal addresses. The Business Coordinator submitted altered receipts to the TTUHSC Purchasing Card Office for a number of these transactions. Weaknesses in the Pediatrics Department's financial processes allowed the fraudulent activity to occur; however, management has implemented additional controls and strengthened processes as a result of this engagement. Pediatrics management agreed with our additional recommendations to communicate with the Office of Institutional Advancement and other appropriate parties since a number of the fraudulent purchases were charged to gift funds and to verify the existence of a large amount of photography equipment purchased by the Business Coordinator for a faculty member.</p>	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2018040	3/20/2018	Physical Plant and Support Services	The objective of this audit was to evaluate the effectiveness of financial processes and controls in the Department. Overall, the Department's financial controls provide reasonable assurance that funds are used for their intended purpose and within institutional and state guidelines. Voyager fuel card and purchasing card transactions tested were reasonable and allowable. Transfers selected for testing were reasonable and aligned with the original funding source. However, we did identify an opportunity to implement more consistent work order processes across all campuses, specifically regarding oversight by Business Services personnel. Management agrees with the recommendation, and responded that consistent accounting structures and billing processes to mirror those used in Lubbock will be implemented at each campus prior to September 1, 2018. In addition, each department will be trained on the billing process and use of the appropriate account code to create a uniform and fully transparent billing model.	Incomplete/ongoing  Consistent accounting structures have been implemented and training has occurred; however, we are pending an update from department management on the work order reconciliation process.
2018017	5/7/2018	Correctional Managed Health Care Contract	The objective of this engagement, included in our annual plan to satisfy the annual audit requirement in the contract between the Texas Department of Criminal Justice and TTUHSC, was to evaluate CMHC's processes to monitor contracted parties providing psychiatric services to ensure the requirements of the contracts are appropriately fulfilled and to ensure payments made to the contracted parties accurately reflect the services rendered. Overall, CMHC staff are reviewing the services provided, invoices, and scheduled hours prior to the submission of payment. However, current contract language regarding payment of services is not clear as to whether scheduled hours or actual hours are to be paid. In addition, the contracted parties do not always submit invoices and hours timely, and instances have occurred in which the submitted hours exceeded the maximum allowed in the contracts. CMHC management has recently developed processes to periodically monitor and review the contracted parties' professional	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			liability insurance, accreditations, and licenses. Their processes will also include a general review of the contracts to ensure the psychiatric services rendered accurately reflect the services outlined in the contract and to ensure applicable revisions have been made.	
2018026	7/16/2018	Conflict of Interest Management Processes	<p>The objective of this audit was to verify that conflict of interest management processes align with Health Sciences Center policy. In performing this engagement, we focused on the processes performed by the Institutional Compliance Office and the institutional Conflict of Interest and Commitment Committee. Overall, we found the current conflict of interest management processes align with Health Sciences Center policy. The Institutional Compliance Office actively reviews each disclosure form containing a known or potential conflict and forwards higher risk conflicts to the Conflict of Interest and Commitment Committee for further review and development of a conflict management plan if necessary. The Institutional Compliance Office also searches the Centers for Medicare and Medicaid Services Open Payments database annually to identify any undisclosed payments to Health Sciences Center physicians, and other areas within the Health Sciences Center (e.g., Purchasing, Contracting, Research Integrity) assist the Institutional Compliance Office in identifying and monitoring known and potential conflicts of interest. Furthermore, the institution's EthicsPoint hotline is available for anonymous reporting of suspected or potential conflicts of interest.</p> <p>For a process that relies heavily on employee self-reporting, the Institutional Compliance Office has implemented processes to raise employee awareness and encourage disclosure as well as processes to track and mitigate conflicts of interest. Management is constantly seeking ways to improve the processes, such as improvements to the disclosure form and a new information system to help monitor known and potential</p>	No recommendations to implement.



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			conflicts of interest. There were no recommendations for improvement.	
2018043	7/16/2018	Department of Family and Community Medicine	The objectives of this audit were to evaluate the charge capture and billing processes to ensure controls are in place to accurately and timely identify, code, and bill patient charges; and to determine if processes and controls exist to ensure compliance with contract terms and conditions. Overall, the Department has implemented a number of processes and controls in an effort to capture and bill patient charges. Staff members verify eligibility, collect initial payments, and capture charges. However, we identified opportunities to strengthen the charge capture process through timely documentation of patient encounters by providers, reviews of missing charges, and correction and resubmission of rejections. Furthermore, we identified a lack of controls in the Department's contract management process. Management agrees with the recommendations and has begun implementation. Department management has identified individuals responsible for contract management and developed processes to ensure compliance. Additionally, they will escalate providers with delinquent documentation to the appropriate individuals.	Incomplete/ongoing  Estimated implementation dates provided by management are the end of October 2018.
2018027	7/19/2018	Electronic Health Record Application Review	The objective of this audit was to evaluate the information technology and information security control environment surrounding electronic medical records at the Amarillo campus. Overall, electronic health records at the Amarillo campus could be at risk of security breach and non-compliance with certain provisions of the Health Insurance Portability and Accountability Act (HIPAA), state regulations, and institutional policies. Vulnerability scans from April 2018 indicated there were more than 6,000 vulnerabilities on EHR servers, which had not been patched since August 2017. 91% of the vulnerabilities were classified as critical or severe. We communicated these issues to management during the audit,	Incomplete/ongoing  The Office of Audit Services has requested the status of the recommendations, and we are pending updates from department management.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>along with a 25-step remediation plan to address a number of the vulnerabilities. After management applied certain patches, the number of vulnerabilities decreased to 658 with 72% of those classified as critical or severe. Though the number and severity of vulnerabilities have markedly decreased, patient health records may still be at risk of a security breach. Furthermore, the use of shared server administrative credentials by several team members combined with a lack of routine reviews of server logs increases the risk that a security breach could go undetected. In addition, 341 of 1,011 users with access to the electronic health records application are no longer active employees or students at TTUHSC.</p> <p>Management agrees with our recommendations and has begun implementation to harden servers, apply patches timely, restrict system access, monitor server logs, improve user management processes, and document application testing responsibilities and methodology.</p>	
2018028	7/24/2018	Procurement Card Processes	<p>The objective of this engagement was to use data analytics to review certain fiscal year 2017 and 2018 TTUHSC procurement card purchases for potential fraudulent purchases. Testing was designed to detect personal purchases, altered documentation, and items shipped to a personal address. Overall, no obvious fraudulent purchases were identified in testing, although one department with questionable purchases will be further reviewed in a separate audit. All other transactions tested had a reasonable TTUHSC business purpose, documentation submitted by cardholders aligned with purchase information in the CitiDirect System if applicable, and items were shipped to a TTUHSC address. In addition, the TTUHSC Purchasing Card Office employs multiple review processes in an effort to detect fraud as well as non-compliance with state and institutional policies. There were no recommendations for improvement.</p>	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2018051	7/26/2018	Department of Obstetrics and Gynecology	<p>The objectives of this audit were to evaluate the Department's charge capture and billing processes and to review a specific set of expenditures to ensure they are necessary, reasonable, and directly related to the goals and mission of TTUHSC. Overall, the Department has implemented a number of processes and controls in an effort to capture and bill patient charges; however, we recommended additional improvements to efficiency and effectiveness by evaluating the use of the transaction editing system, determining common reasons for forced extractions, improving the process to identify missing charges, and actively monitoring the timeliness of provider documentation. Our review did not identify any Department expenditures that were not necessary, reasonable, or directly related to the goals and mission of TTUHSC. Management agrees and has begun implementation.</p>	<p>Incomplete/ongoing</p> <p>Pending verification by the Office of Audit Services.</p>

# Audits Completed

## Texas Tech University Health Sciences Center El Paso

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2017054	10/3/2017	Department of Pathology	<p>The objectives of this audit were to review the Department's contract monitoring process to ensure accurate and timely expenditure payments and revenue billing, and to determine whether departmental expenditures comply with state and institutional policies. The Department of Pathology's contract monitoring process does not ensure accurate and timely expenditure payments and revenue billing, nor does it ensure compliance with the terms of one revenue contract. In addition, the Department processed certain purchasing and travel transactions that were non-compliant with institutional operating policies. Lastly, we recommend an analysis of the outsourced billing arrangement to determine if establishing in-house billing operations would help maximize revenues. Management agrees with the recommendations and has begun implementation.</p> <p>Historically, the Department has operated without a clinical administrator, utilizing a manager to administer the Department's financial activities. This arrangement may have been adequate when the Department only had one flat fee revenue contract with one hospital; however, Department operations have significantly increased to include services at two additional hospitals and the outsourcing of patient billing. As a result, a higher level of management experience and expertise is required to ensure the effectiveness and efficiency of clinical operations and to develop strategies to achieve Department goals. We support the Department's decision to hire a full-time clinical administrator to oversee clinical operations to ensure effectiveness and efficiency.</p>	<p>Incomplete/ongoing</p> <p>Recommendations related to a revenue contract and outsourced billing are pending verification by the Office of Audit Services. All other recommendations have been implemented.</p>
2017030	10/19/2017	Contract Management Processes	During this engagement, we documented the contract management life cycle, identified responsible parties and efficiencies for contract related activities, and assessed the	<p>Incomplete/ongoing</p> <p>Pending verification by the</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			timeliness of contract reviews and approvals. TTUHSC El Paso Contracting and Purchasing departments have implemented a contract management process, and internal control points are located throughout the contract management life cycle. However, the Contracting and Purchasing departments manage different aspects of the contract management life cycle and different types of contracts or agreements. As a result, contracts are not processed or reviewed consistently. Additionally, TTUHSC El Paso is not fully compliant with State of Texas procurement regulations. Management agreed with our recommendations, which included consistently using the contract database for routing, updating standard terms and conditions, standardizing use of an IT Proposal Form for technology purchases, and improving risk analysis and reporting to comply with state statutes.	Office of Audit Services.
2017053	10/24/2017	Information Technology Help Desk Processes	The objectives of this audit were to evaluate the TTUHSC El Paso's Information Technology (IT) Help Desk processes related to the work order life cycle and to evaluate training and related materials provided to IT Help Desk personnel specific to their assigned responsibilities. The IT Help Desk has a well-designed work order life cycle and process, and provides a variety of training materials to its staff. The training materials are comprehensive and are available when assisting end users. However, the IT Help Desk is not consistently following the defined work order process. Management will strengthen the effectiveness of the work flow processes and improve the quality assurance programs across the IT Division.	Implemented
2018019	12/8/2017	Audit of Financial Statements for the Year Ended August 31, 2017	We received the final report and related other letters from the CPA firm of Belt Harris Pechacek, LLLP, which performed the independent audit of TTUHSCEP's financial statements for the year ended August 31, 2017. This audit was required by the Southern Association of Colleges and Schools (SACS), the body from which TTUHSCEP seeks separate accreditation from TTUHSC.	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			The auditors issued an unmodified (i.e., clean) opinion on the annual financial report and were not required to make any audit adjustments to the financial statements. In addition, there were no findings in the compliance report, nor were any internal control weaknesses noted in the management letter.	
2018018b	12/20/2017	Texas Higher Education Coordinating Board Residency Grant	We performed this audit of the Texas Higher Education Coordinating Board Residency Grants to meet the audit requirements of the grant which are imposed by the Coordinating Board. The objective of the audit was to determine if TTUHSC EP complied with Coordinating Board guidelines related to the grants. Total fiscal year 2017 expenditures were \$257,467. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC EP's financial system.	No recommendations to implement.
2017084	5/3/2018	Legacy Accounts Receivable Write-Off Process	This engagement was not included in our annual audit plan but was added as a special project upon completion of the Centricity Business System Implementation (CBIZ) audit finalized in July 2017. As part of the CBIZ implementation, patient account numbers and related demographics were migrated from the legacy Centricity Business system to CBIZ; however, actual patient invoices and accounts receivable were not migrated. In preparation for the shutdown of the legacy system, El Paso Medical Practice Income Plan (MPIP) management developed a plan to reduce the legacy accounts receivable balance from \$14.6 million on August 31, 2016, to \$0 on February 28, 2017. In addition, MPIP management developed a plan to process and distribute payments on legacy invoices received after the shutdown date. The objectives of this audit were to evaluate the appropriateness of the legacy accounts receivable write-off process, specifically to determine if there is evidence of due diligence to collect accounts receivable prior to write off and to support the write-off code used; and to evaluate the legacy residual payment process for	Incomplete/ongoing  Three recommendations have been implemented, and an additional three recommendations are pending verification by the Office of Audit Services.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>internal controls, appropriate adjustment to patient accounts, and distribution to the applicable clinical department.</p> <p>The legacy accounts receivable write-off process was necessary based on management decisions during the Centricity Business system implementation, but was not ideal. While a majority of legacy invoices reviewed showed evidence of due diligence to collect accounts receivable prior to write off and to support the write-off code used, we noted several due diligence deficiencies related to delays in provider enrollment, uncorrected system errors, and unsubmitted appeals. We also noted write-off code deficiencies related to codes used that were not based on the insurance denial. In addition, the legacy residual payment process does not have sufficient internal controls and does not ensure appropriate adjustment to patient accounts, but does generally ensure appropriate distribution to the applicable clinical department. Management agrees with our recommendations to enhance these processes and has begun implementation.</p>	
2018077	5/7/2018	Center of Emphasis in Infectious Diseases Grant Review	<p>The objective of this engagement, which was performed after grant compliance risks were communicated to our office, was to determine if federal grant expenditures in the Center of Emphasis in Infectious Diseases are in compliance with the grant agreements and other applicable regulations. Our audit focused on non-payroll expenditures after an internal monitoring process identified and quantified fraudulent payroll expenditures. The scope of the engagement included the six federal grants received by an Associate Professor in the Department of Biomedical Sciences. We concluded that non-payroll expenditures are in compliance with grant agreements and applicable regulations. Additionally, our results did not identify expenditure trends that would indicate misuse of grant funds (e.g., a large number of cost transfers, a large amount of spend at the end of the grant period, or large periods of expenditure inactivity). Furthermore, no unusual transactions</p>	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			or vendors were identified. The Vice President for Research has taken personnel action against the involved individuals and has communicated all the findings to the federal agency.	
2018029	7/16/2018	Physical Plant and Support Services	<p>The objective of this audit was to evaluate the effectiveness of financial controls, control processes over keys, and governance practices. Overall, we found significant governance issues resulting in a hostile work environment, security risks related to key management processes, non-compliance with departmental and institutional procurement policies, weaknesses in the accounts payable processes, ineffective reporting for recycling revenue, inadequate safeguarding of materials, and employee safety risks related to overtime and 24/7 schedules. We recommended significant and immediate improvements to the overall work environment as well as financial and key management controls.</p> <p>Management agrees with the recommendations and has already taken steps to ensure compliance with accounts payable policies and improve recycling revenue reporting. In addition, management submitted action plans to improve management styles, develop a departmental leave request policy, and monitor employee satisfaction. Finally, management will verify master keys, segregate key management duties, and develop a plan to re-key the campus; ensure compliance with procurement and accounts payable policies through training and review; ensure inventory is appropriately tracked, updated, and audited; and improve scheduling to reduce safety risks and improve employees' work/life balance.</p>	<p>Incomplete/ongoing</p> <p>The Office of Audit Services is actively following up on the recommendations.</p>
2018030	7/27/2018	GE Centricity Business Application Security	The objective of this audit was to evaluate information security and information technology controls surrounding GE Centricity Business, which is TTUHSC EP's patient billing and accounting system. Overall, Medical Practice Income Plan (MPIP) Business Operations has implemented several controls to protect patient account data and to ensure system	<p>Incomplete/ongoing</p> <p>Pending verification by the Office of Audit Services.</p>



# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			availability, including requiring supervisors to submit user access requests; aligning role permissions with job titles; limiting the number of roles available; providing system training based upon users' specific job duties; and deactivating user access upon termination of employment, transfer between departments, or a specified period of inactivity. However, there are opportunities to improve the management of user access and to gain assurance of the hosted data center(s) security. Our review revealed management does not monitor the status of the security of the GE hosted data center(s). Management agrees and has begun implementation.	
2018044	7/27/2018	Department of Internal Medicine	The objectives of this audit were to evaluate the cash handling process for internal controls and to evaluate the billing process to ensure services provided at hospitals and dialysis centers are billed. We concluded the billing process does not ensure that all services provided at hospitals and dialysis centers are billed. The Department should improve billing processes by ensuring that providers submit required documentation and by obtaining reports for all services rendered at hospitals and dialysis centers. In addition, the Department has implemented a number of internal controls in the cash handling process, including safeguarding of funds, receipting of payments, daily reconciliations, segregation of duties, and documented policies and procedures. However, the Department should improve cash handling processes related to check logs and deposits, safe combination and keys, and voiding of payment transactions. Management agrees and has begun implementation.	Incomplete/ongoing  The recommendation related to the safe has been implemented. It is not yet time to follow up on the other recommendations.
2018075	7/27/2018	Office of Institutional Advancement	This engagement was not included in our annual plan, but was conducted after personnel from the TTUHSC El Paso President's Office and Business Affairs raised concerns of possible personal expenditures and unallowable travel reimbursements by certain Institutional Advancement employees. The objectives of this audit were to review	Incomplete/ongoing  Pending verification by the Office of Audit Services.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Advancement's financial activities for fraud and abuse and to evaluate Advancement's financial controls.</p> <p>We identified several weaknesses in Advancement's financial controls, beginning with Advancement's leadership, who created conditions for fraud to be committed and concealed. We also noted an environment of non-compliance and one where the Associate Vice Chancellor for Institutional Advancement (Associate Vice Chancellor) was above questioning by others within the department. We identified \$10,854 in fraudulent purchases and \$9,366 in fraudulent travel reimbursements by multiple individuals. Additional purchases totaling \$8,627 were prohibited by institutional operating policies and procedures, and another \$8,198 in purchases were questionable. The Associate Vice Chancellor and the Assistant Director of Alumni Relations resigned from TTUHSC El Paso in October 2017 following interviews about fraudulent activity. In addition, the Science and Medical Editor was terminated in December 2017 following discovery of a fraudulent travel reimbursement.</p> <p>The President has hired a new Associate Vice Chancellor and will work with her to establish a strong control environment in Advancement, improve financial controls and compliance with state laws and institutional policies, and implement policies surrounding gifts to donors.</p>	

# Audits Completed

## Angelo State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2018021	10/13/2017	Joint Admission Medical Program	The objective of this audit, which is required by the JAMP Council, was to provide reasonable assurance that ASU is in compliance with the JAMP agreement and the JAMP Expenditure Guidelines for fiscal year 2017. We concluded ASU has implemented sufficient oversight and monitoring procedures to ensure the grant is administered in compliance with the agreement. Fiscal year 2017 expenditures comply with the JAMP Expenditure Guidelines, and all unexpended funds have been properly returned. We also noted the return of unexpended funds in fiscal year 2016. Specifically, 49% of the fiscal year 2016 award and 34% of the fiscal year 2017 award was returned to the JAMP Council. The program has experienced a decline in participants, and proposed field trips for participants did not occur. We encouraged ASU to continue recruiting JAMP participants to minimize the amount of unspent funds returned each year.	No recommendations to implement.
2018022	12/20/2017	ASU Foundation, Inc. 2017 Annual Financial Statements	The independent audit firm of Armstrong, Backus & Co., LLP, performed the annual audit of Angelo State University Foundation, Inc., for the year ended August 31, 2017. The auditor issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Finally, the auditors did not note internal control or other deficiencies during the audit, and therefore did not issue a management letter.	No recommendations to implement.
2018033	1/24/2018	Procurement Processes	The objectives of this audit were to evaluate internal controls, compliance with regulations and policies, and how the use of technology affects efficiency and data security. We concluded that procurement processes, including issuing purchase orders and maintaining the vendor table, are inefficient and predominately manual, specifically during fiscal year transition periods. Additionally, purchase orders are not consistently	Incomplete/ongoing  Follow-up has occurred and implementation dates have been revised.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			reported to state entities as required. Finally, system access within the Purchasing Department is excessive, compromising segregation of duties and the principle of least privilege. Management has opportunities to streamline processes, improve automation through the use of technology, and better secure institutional data. Management intends to evaluate technology solutions to streamline processes, develop procedures to ensure accurate reporting, and tighten access to systems.	
2018020	2/12/2018	Robert G. Carr and Nona K. Carr Scholarship Foundation 2017 Financial Statements	The independent audit firm of Oliver, Rainey & Wojtek, LLP, performed the annual audit of the Angelo State University Carr Scholarship Foundation for the year ended August 31, 2017. The auditor issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Finally, the auditors did not note internal control or other deficiencies during the audit, and therefore did not issue a management letter.	No recommendations to implement.
2018047	4/26/2018	Center for International Studies Admission Processes	The objectives of this audit were to evaluate the effectiveness and efficiency of the international undergraduate admission processes and to evaluate the process by which incoming international undergraduate students receive information prior to enrolling in the University. We identified opportunities for CIS to enhance both the effectiveness and efficiency of the international undergraduate admission processes, specifically in data management, policies and procedures development, admission decision justification documentation, academic dishonesty response, English proficiency evaluation, and information storage. Additionally, CIS has established a process by which it communicates with incoming international undergraduate students; however, this process is very labor-intensive and omits significant information that should be conveyed to the students. Management agrees with our recommendations and has begun implementation.	Incomplete/ongoing  Pending verification by the Office of Audit Services.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2018032	6/22/2018	Information Technology General Controls	The objectives of this engagement were to determine if select information technology (IT) controls were implemented as documented in University security policy and in compliance with the Texas Administrative Code Rule 202; determine if the IT Division has deployed network controls to secure and protect the University's information resources; and evaluate the IT Division's strategic planning activities and processes. Overall, the IT Division has employed a variety of security controls to protect and secure the University's information systems and resources in accordance with Texas Administrative Code Rule 202 requirements. Additionally, the IT Division maintains a clear strategic plan to guide its decision making processes and to align IT activities with the University's strategic initiatives. However, improvements should be made to address compliance gaps, specifically related to the vulnerability management program, the documentation of internal processes and procedures, periodic reviews of network configurations, and the identification and deployment of role-based information security training. Management agrees and has begun implementation.	Incomplete/ongoing  It is not yet time to follow up on these recommendations.
2018046	7/16/2018	Accounts Payable Processes	The objectives of this audit were to evaluate the internal controls surrounding ASU's processes to pay invoices and reconcile and post monthly procurement card transactions, and to evaluate the use of technology to gain operational efficiencies. Accounts Payable processes, specific to paying vendors and reconciling the monthly procurement card master statement, are predominately manual and inefficient. While Accounts Payable has implemented internal control activities, the underlying processes are paper-intensive, lack automation, and do not provide for complete and consistent data. Additionally, specific users' Banner access is excessive, compromising segregations of duties and the principle of least privilege. Management has opportunities to modernize processes, specifically to streamline processes, improve automation through the use of technology, and better secure	Incomplete/ongoing  It is not yet time to follow up on these recommendations.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			institutional data. Management agrees with the recommendations and has submitted an action plan to address the recommendations.	
2018055	7/26/2018	Chrome River System Implementation Review	<p>The objective of this assessment is to evaluate the implementation of Chrome River, ASU's new online travel and expense management system, and provide guidance on internal controls and process efficiencies. To achieve this objective, we observed the activities of the implementation team, contributed to design workshops by identifying internal control points, and engaged in discussions with the ASU implementation team on process improvement opportunities and internal controls. ASU's objective for implementing Chrome River is to streamline and automate processes specific to employee and student travel, and to effectively enforce and monitor compliance with ASU and State of Texas travel policies.</p> <p>As of July 13, 2018, Chrome River remains in the design/build phase. While there has been successful completion of specific activities, a number of processes are still to be defined and may impact the timeline for successful implementation of Chrome River. Additionally, the Chrome River project implementation team has recently changed at ASU's request. ASU's implementation team, with the assistance of Chrome River's new project implementation team, will relaunch implementation efforts by revising the formal implementation plan for ASU and performing thorough reviews of the existing user interface and related design decisions, making changes as necessary.</p> <p>Because of resource constraints, additional time to evaluate certain processes, and the transition to a new Chrome River project implementation team, the go-live date has been extended into fiscal year 2019. The extension is needed to</p>	No recommendations to implement from this interim report. A post-implementation review of Chrome River is included in the fiscal year 2019 annual audit plan.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			ensure processes within Chrome River are fully operational and tested prior to giving the campus community access. Because of the delay in implementation, our office will continue to evaluate and assess the implementation of Chrome River. We are planning a formal post-implementation review once Chrome River is in production.	

# Consulting Engagements Completed

## Texas Tech University System and Components

<b>Audit Number</b>	<b>Report Date</b>	<b>Report Title</b>	<b>Observations and Recommendations</b>	<b>Status</b>
2018073	10/23/2017	Conflict of Interest Committee: Department of Chemistry & Biochemistry	This management advisory project was not included in our annual plan, but was conducted upon request by the TTU Conflict of Interest Committee. Our review was limited to the financial activities of a professor within the Department who was under investigation by the Committee. We reviewed allegations concerning royalty payments, possible financial incentives to the professor to increase online course enrollment, and the receipt of additional compensation for acting as a lab coordinator. We concluded there was no wrongdoing in the professor's handling of royalty payments, nor in his receipt of additional compensation. Additionally, he did not receive improper benefit related to online course enrollment.	Recommendations were made to the Conflict of Interest Committee; however, a response was not required for this consulting engagement.



# External Quality Assurance Review

Our most recent external quality assurance review, dated July 23, 2018, indicates that the Office of Audit Services of Texas Tech University System generally conforms with the *International Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* and with *Government Audit Standards* as required by the Texas Internal Auditing Act for the period reviewed. A copy of the report is included on the following pages. Our next external quality assurance review will be conducted during fiscal year 2021.

# External Quality Assurance Review



July 23, 2018

Ms. Kimberly F. Turner  
Chief Audit Executive  
Office of Audit Services  
Texas Tech University System  
Box 41104  
Lubbock, TX 79409-1104

Dear Ms. Turner:

We have completed the external quality assurance review of the Office of Audit Services (OAS) at the Texas Tech University System for the three-year period ending June 2018. The objective of the review was to provide reasonable assurance that the internal auditing program conforms to the applicable standards. We addressed this objective through interviews of selected stakeholders to the internal audit function; interviews and surveys of OAS staff members; review of the OAS self-assessment; review of quality control processes; and evaluation of OAS work products from a sample of audit reports issued between October 2016 to July 2017. These activities were performed during and subsequent to our onsite visit on May 6-10, 2018.

Based on the information we received and evaluated, it is our overall opinion that the internal audit function **"Generally Conforms"** with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards) and Code of Ethics as well as additional standards imposed by the Texas Internal Auditing Act (Texas Government Code, Chapter 2102) in all material respects during the period under review. This opinion, which is the highest of three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal auditing program. Additionally, the OAS is held in high regard by its key stakeholders within the System, indicating that the office is accomplishing its mission to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

We appreciate the cooperation and assistance provided to us throughout the course of our review by the members of the OAS and the Texas Tech University System community.

Sincerely,

John Curran, CIA, CGAP (Team Leader)  
Chief Audit Executive  
University of Kansas

Sherri Magnus, CPA, CIA, CFE, CRMA  
Vice President & Chief Audit Officer  
University of Texas MD Anderson Cancer Center

Brian Daniels, CIA, CISA, GCFA, MBA  
Director of Internal Audit  
Virginia Tech

Chris Walker, CIA, CPA, CGMA  
Senior Institutional Audit Director  
University of Arkansas System

cc: Mickey L. Long, Audit Committee Chairman  
Robert L. Duncan, Chancellor

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351 Strong Hall | 1450 Jayhawk Blvd. | Lawrence, KS 66045-7535  
(785) 864-0042 | [www.internalaudit.ku.edu](http://www.internalaudit.ku.edu)

# Other Value-Added Activities

Activity	Impact
Participated in the Enterprise Risk Management (ERM) Committee for Texas Tech University System Administration	Oversaw development of ERM processes to facilitate timely reporting of ERM information to the Board of Regents
Served on the Enterprise Application Executive Steering Committee, Council, and Work Group, and the Enterprise Cognos Reporting Work Group	Contributed to Texas Tech University System's efforts to enhance services to students, faculty, and staff
Served on the TTUHSC President's Executive Council	Strengthened the partnership and communication with members of TTUHSC executive management regarding strategic direction and current operations
Served on the TTUHSC Institutional Compliance Working Committee	Contributed to the oversight of the TTUHSC Institutional Compliance Program and provided guidance to the Institutional Compliance Officer
Served on the TTUHSC Billing Compliance Advisory Committee	Contributed to the oversight of the TTUHSC Billing Compliance Program on the Lubbock campus and provided guidance to the Billing Compliance Officer
Served on the TTUHSC Risk Management Committee	Contributed to institution-wide awareness and communication of risks and risk mitigation strategies
Served on the TTUHSC School of Medicine Performance Improvement Committee	Contributed to the School of Medicine's mission to provide high quality patient care while providing excellence in medical education
Served on the TTUHSC El Paso Institutional Compliance Committee	Contributed to the oversight of the TTUHSC El Paso Institutional Compliance Program and provided guidance to the Institutional Compliance Officer
Served on the TTUHSC El Paso Conflict of Interest Committee	Contributed to the oversight of the TTUHSC El Paso Conflicts of Interest and Commitment Program
Participated in implementation meetings for a new travel system at Angelo State University	Contributed to the implementation team's oversight of implementation of the new travel system
Presented fraud prevention training for TTUS, TTU, TTUHSC, TTUHSC El Paso, and ASU employees	Heightened the awareness of fraud indicators, strengthened fraud prevention efforts, and contributed to an ethical environment
Presented control environment and cash controls training for TTUS, TTU, TTUHSC, TTUHSC El Paso, and ASU employees	Heightened the awareness of the need for a strong control environment and presented specific best practices related to cash controls
Facilitated ethics discussions and presented the Statement of Ethical Principles at TTU new employee orientation events	Increased new employees' understanding of the ethics policy at Texas Tech University and Office of Audit Services' role at Texas Tech University System
Hosted the Big 12 Internal Auditor's Conference	Strengthened professional commitments and knowledge base

# Other Value-Added Activities

Activity	Impact
Served as members of the Texas Tech Federal Credit Union Supervisory Committee and Board of Directors	Reinforced community relationships and strengthened professional commitments and knowledge base
Served as Vice President, committee chairperson, and committee members for the Association of College & University Auditors (ACUA)	Contributed to the profession of internal auditing and strengthened knowledge base
Served as a member of the Texas Society of Certified Public Accountants (TSCPA) External Relations/Image Issues committee and the Young and Emerging CPAs committee	Contributed to the accounting profession and strengthened knowledge base
Served as Treasurer and board director of the South Plains Chapter of the TSCPA	Contributed to the accounting profession and strengthened knowledge base
Served as the Immediate Past President, Secretary, and Board Member of the High Plains Chapter of The Institute of Internal Auditors (IIA)	Strengthened professional commitments and knowledge base by providing relevant, local continuing professional education opportunities
Performed an independent review of the High Plains Chapter of the IIA's Annual Financial Report	Strengthened professional commitments and knowledge base
Served as the Founding President and committee member of the El Paso Chapter of Certified Fraud Examiners	Strengthened professional commitments and knowledge base while providing relevant, local continuing professional education opportunities
Served as Secretary, Vice President, and committee member of the El Paso Chapter of The Institute of Internal Auditors (IIA)	Strengthened professional commitments and knowledge base while providing relevant, local continuing professional education opportunities
Presented training sessions for ACUA, TACUA, and TSCPA	Contributed to the profession of internal auditing and strengthened knowledge base
Attended IIA Leadership training	Strengthened professional commitments and knowledge base
Assisted administration with the annual risk assessment	Contributed to Texas Tech University System's risk assessment and risk management efforts
Presented information on the internal audit profession to TTU accounting students	Increased students' understanding of the profession of internal auditing
Presented financial best practices to ASU registered student organizations and faculty advisors	Increased faculty and students' understanding of financial best practices and the importance of internal controls
Participated in external quality assurance reviews at The University of Texas at Austin, University of Houston, Augusta University, and Ector County Independent School District	Strengthened professional commitments and knowledge base

# Annual Plan for Fiscal Year 2019

The annual audit plan for Texas Tech University System for the year ending August 31, 2019, was approved by the Audit Committee of the Board of Regents on August 9, 2018. This audit plan is based on the results of a formal risk assessment process which identifies strategic, financial, operational, compliance, reputational, and environmental risks facing each institution. There are 55 planned engagements included in the annual plan. The planned engagements include audits to address the various types of risks, including risks associated with contract management and information technology.

The following planned engagements address contract management and other requirements of Senate Bill 20 (84<sup>th</sup> Legislature): TTUS Contracting and Procurement Processes, TTUHSC Correctional Managed Health Care Contract, TTUS LP&L Power Purchase Agreement, and TTU Costa Rica Campus.

Texas Tech institutions periodically engage third parties to assess compliance with Texas Administrative Code 202 (TAC 202) standards, assess information security, or conduct penetration testing. This year's annual audit plan includes a planned Information Technology Risk Assessment Framework engagement to align information technology risks with a widely used framework such as NIST (National Institute of Standards and Technology) or COBIT (Control Objectives for Information and Related Technologies). This engagement will also include obtaining the reports/results from external information technology assessments, reviews, audits, and vulnerability/penetration testing in order to inform our information technology risk assessment and to ensure the Chancellor and respective President are aware of the results of such engagements.

The annual audit plan for fiscal year 2019 is included on the following pages.

# Annual Plan for Fiscal Year 2019



TEXAS TECH UNIVERSITY SYSTEM™

## Office of Audit Services

Annual Audit Plan  
For the Year Ending August 31, 2019

Kimberly F. Turner, CPA  
*Chief Audit Executive*

*August 9, 2018*

# Annual Plan for Fiscal Year 2019

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# Annual Plan for Fiscal Year 2019

## Transmittal Letter



August 9, 2018

Mr. Mickey L. Long  
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, 2019. 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 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,

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

Kimberly F. Turner, CPA  
Chief Audit Executive

Approved by: Mickey L. Long August 9, 2018  
Mr. Mickey L. Long

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# Annual Plan for Fiscal Year 2019

## Mission Statement



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.

# Annual Plan for Fiscal Year 2019

## Quality Assurance Program



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.

# Annual Plan for Fiscal Year 2019

## 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.

# Annual Plan for Fiscal Year 2019

## 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, 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.

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# Annual Plan for Fiscal Year 2019

## 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 21,000 hours.

Of this time, approximately 1,300 hours will be dedicated to performing required audits, assisting external auditors, and completing other mandatory projects. Additionally, 2,500 audit hours are needed to complete engagements from the fiscal year 2018 annual audit plan that are in progress at year-end. We have set aside 31 percent of total chargeable time (approximately 6,500 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 10,700 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.

# Annual Plan for Fiscal Year 2019

## Planned Engagements



### Texas Tech University System and Components

CPRIT Grant Funds	External Audit
Contracting and Procurement Processes	Compliance
Texas Tech Foundation, Inc. Financial Statements	External Audit
Regents, Chancellor, and Presidents Travel and Other Expenses	External Audit
Risk Management Assessment	Risk Management
Office of Audit Services Annual Report	Compliance
Office of Audit Services Annual Plan	Compliance
Office of Audit Services Quality Assurance Activities Review	Compliance
LP&L Power Purchase Agreement	Compliance
Security Camera Policies	Management Advisory
Office of Investments	Financial/Operational
Office of Institutional Advancement	Management Advisory
IT Risk Assessment Framework	IT/Controls
Construction Audits	External Audit
State Auditor's Office, THECB, and Comptroller's Office Misc. Projects	External Audit

# Annual Plan for Fiscal Year 2019

## Planned Engagements (continued)



### Texas Tech University

Time & Effort Reporting Processes

Payroll Security and Processes

Research Safety Governance

College of Education

Intercollegiate Athletics

CS Gold Application Security

School of Music Cash Controls

Costa Rica Campus

Student Success and Retention

Athletics Financial Agreed-Upon Procedures

Texas Tech Public Media Financial Statements

Football Attendance Certification

Compliance

IT/Controls

Governance

Financial/Operational

Operational/Compliance

IT/Controls

Controls

Financial

Operational

External Audit

External Audit

Compliance

# Annual Plan for Fiscal Year 2019

## Planned Engagements (continued)



### Texas Tech University Health Sciences Center

Time & Effort Reporting Processes	Compliance
Department of Ophthalmology EyeDoc Express Application Controls	IT/Controls
Industrial Control Systems Security	IT/Controls
Office of Strategic Initiatives Revenue Cycle Unit	Management Advisory
GE Centricity Business – Dictionary Change Management	IT/Controls
Food and Entertainment Expenses	Financial
School of Medicine – Permian Basin	Operational/Controls
Garrison Institute	Financial
SACS Financial Statement Review	External Audit
Correctional Managed Health Care Contract	Compliance
Joint Admission Medical Program Grants – Lubbock SOM	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance



# Annual Plan for Fiscal Year 2019

## Planned Engagements (continued)



### Texas Tech University Health Sciences Center El Paso

Time & Effort Reporting Processes	Compliance
Transmountain Campus Business Processes	Financial/Controls
IT Network Security	IT/Controls
PLFSOM Department Cash Controls	Controls
Amazon Purchases	Financial/Controls
GE Centricity EMR Application Controls	IT/Controls
PLFSOM Department of Emergency Medicine	Financial/Controls
Library Cash Controls	Controls
Data Loss Prevention Controls	IT/Controls
Joint Admission Medical Program Grants – El Paso PLFSOM	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance

# Annual Plan for Fiscal Year 2019

## Planned Engagements (continued)



### Angelo State University

Graduate Studies Tuition	Financial/Compliance
Grant Administration Processes	Operational/Compliance
Hispanic Serving Institution (HSI) Grants	Financial/Compliance
Housing and Residential Programs	Financial/Compliance
ChromeRiver System Post-Implementation Review	IT/Controls
Carr Foundation Financial Statements	External Audit
ASU Foundation, Inc. Financial Statements	External Audit

# Annual Plan for Fiscal Year 2019

## 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 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

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# Annual Plan for Fiscal Year 2019

## 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.

The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017). pp 54-55

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# Annual Plan for Fiscal Year 2019

## Audit Process



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.

# Annual Plan for Fiscal Year 2019

## 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

# External Audit Services

Institution	Service	Firm
Texas Tech University System and Components	Credit Card, Travel Expenses, and Charter Flights of Board of Regents, Chancellor, and Presidents Agreed-Upon Procedures	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System	Texas Tech Foundation, Inc. Financial Statement Audit	Eide Bailly LLP
Texas Tech University System and Components	Cancer Prevention and Research Institute of Texas (CPRIT) Awards Program-Specific Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System	Construction Project Expenses: TTU New Honors Residence Hall	RSM US LLP
	TTUS New System Office Building	RSM US LLP
	ASU Archer College of Health and Human Services	RSM US LLP
	Contractor Selection Process Review: Maedgen Theatre	Baker Tilly
	Contractor Selection Process and Contract Observations	Baker Tilly
Texas Tech University	Texas Tech Public Media Financial Statement Audit	Eide Bailly LLP
Texas Tech University	Intercollegiate Athletics Agreed-Upon Procedures	Grant Thornton, LLP
Texas Tech University Health Sciences Center El Paso	Financial Statement Audit	Belt Harris Pechacek, LLLP
Angelo State University	ASU Foundation, Inc. Financial Statement Audit	Armstrong, Backus & Co., LLP

# External Audit Services

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Angelo State University

Robert G. Carr and Nona K. Carr  
Scholarship Foundation Financial Statement  
Audit

Oliver, Rainey & Wojtek, LLP

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# Reporting Suspected Fraud and Abuse

Texas Tech University System and its component institutions have developed several mechanisms for reporting fraud to the State Auditor's Office. These mechanisms satisfy the requirements included in the General Appropriations Act and the Texas Government Code. Specifically, actions address the following requirements:

- Fraud Reporting. Article IX, Section 7.09, the General Appropriations Act (85<sup>th</sup> Legislature).
- Texas Government Code, Section 321.022.

The Chief Audit Executive or designee report to the State Auditor's Office if there is reasonable cause to believe that misappropriation or misuse of funds or other fraudulent or unlawful conduct has occurred. The Regents' Rules of the Texas Tech University System include a fraud policy. The policy references state law and requires the Office of Audit Services to notify the State Auditor's Office of suspected fraudulent activity. Additionally, all of Texas Tech's institutions have operating policies that include information on reporting suspected fraud.

In addition, Texas Tech University System, Texas Tech University, Texas Tech University Health Sciences Center, Texas Tech University Health Sciences Center El Paso, and Angelo State University have links on their main websites at [www.texastech.edu](http://www.texastech.edu), [www.ttu.edu](http://www.ttu.edu), [www.ttuhscc.edu](http://www.ttuhscc.edu), [www.elpaso.ttuhscc.edu](http://www.elpaso.ttuhscc.edu), and [www.angelo.edu](http://www.angelo.edu) to the State Auditor's Office fraud reporting site. These links meet the reporting requirements for higher education institutions that receive appropriated funds as well as the reporting requirements for institutions that received federal American Recovery and Reinvestment Act funds.