



TEXAS TECH UNIVERSITY SYSTEM™

# Office of Audit Services

Annual Audit Plan

For the Year Ending August 31, 2020

Kimberly F. Turner, CPA

*Chief Audit Executive*

*August 8, 2019*



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# Transmittal Letter

August 8, 2019

Mr. Ronnie Hammonds  
Audit Committee Chair, Texas Tech University System Board of Regents

We are pleased to submit the annual plan of the Office of Audit Services of Texas Tech University System for the year ending August 31, 2020. The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled almost thirty percent of our time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work.

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

Sincerely,

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

Kimberly F. Turner, CPA  
Chief Audit Executive

Approved by: Ronnie Hammonds August 8, 2019  
Mr. Ronnie Hammonds

# 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.

# 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.

# Performance Measures



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

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



# Risk Assessment Process

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

The risk assessment process undertaken to prepare this annual plan was multi-layered. First, 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.



# 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 20,500 hours.

Of this time, approximately 2,000 hours will be dedicated to performing required audits, assisting external auditors, and completing other mandatory projects. Additionally, 2,700 audit hours are needed to complete engagements from the fiscal year 2019 annual audit plan that are in progress at year-end. We have set aside 28 percent of total chargeable time (approximately 5,800 hours) for unscheduled projects and other value-added work, including board and management requests, investigations, service to the profession, institutional committee service, follow-up on prior audits, and special projects. The remaining 10,000 audit hours have been allocated to the projects determined through the risk assessment process. The risk-based engagements as well as the required audits are listed on pages 9-13.



# Planned Engagements



## Texas Tech University System and Components

CPRIT Grant Funds

Contracting and Procurement Processes

Benefits Proportional by Fund

Texas Tech Foundation, Inc. Financial Statements

Regents, Chancellor, and Presidents Travel and Other Expenses

Office of Audit Services Annual Report

Office of Audit Services Annual Plan

Office of Audit Services Quality Assurance Activities Review

Clery Act Reporting Processes

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

Construction Project Audits

External Audit

Compliance

Compliance

External Audit

External Audit

Compliance

Compliance

Compliance

Compliance

External Audit

External Audit

# Planned Engagements (continued)



## Texas Tech University

Student Financial Aid

Endowment Spending Accounts

College Reserve Balances

TAC 202 Information Technology Controls Compliance

Parking Services

Advising Processes

Intercollegiate Athletics

Certified Cost Rehabilitation Report – Weeks Hall

University Libraries

UIL Office

Athletics Financial Agreed-Upon Procedures

Texas Tech Public Media Financial Statements

Joint Admission Medical Program Grants

Football Attendance Certification

External Audit

Financial/Compliance

Financial

IT/Controls/Compliance

Financial/IT

Operational/IT

Operational/Compliance

Compliance

Financial/Operational

Financial/Controls

External Audit

External Audit

Compliance

Compliance

# Planned Engagements (continued)



## Texas Tech University Health Sciences Center

Student Financial Aid

Amarillo Campus Departments

Office of the Registrar

School of Pharmacy

School of Nursing

Lubbock Department of Pediatrics

Mental Health Institute

Willed Body Program

Correctional Managed Health Care Contract

Texas Higher Education Coordinating Board Residency Grants

External

Financial/Operational

Operational

Financial/Operational

Financial/Operational

Financial/Operational

Financial/Controls

Compliance

Compliance

Compliance

# Planned Engagements (continued)



## Texas Tech University Health Sciences Center El Paso

Information Technology Governance

Physical Plant

MPIP Business Office

Research Safety

Student Financial Aid

GE Centricity EMR Application Controls

Hunt School of Nursing

Institutional Advancement

Texas Higher Education Coordinating Board Residency Grants

Willed Body Program

IT/Governance

IT/Operational

Operational

Operational/Compliance

Compliance

IT/Controls

Financial/Operational

Financial/Controls

Compliance

Compliance

# Planned Engagements (continued)



## Angelo State University

Contracting Office

Student Financial Aid

Office of Institutional Advancement

Payroll Security and Processes

Online Giving Processes

Athletics Financial Agreed-Upon Procedures

Carr Foundation Financial Statements

ASU Foundation, Inc. Financial Statements

Operational/Compliance

Compliance

Management Advisory

IT/Controls

IT/Management Advisory

External Audit

External Audit

External Audit

# 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

# Nature of Work (continued)



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

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

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

# Audit Process



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





# Audit Process (continued)

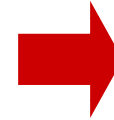
## Planning

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



## Fieldwork & Review

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



## Reporting

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



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