



TEXAS TECH UNIVERSITY SYSTEM™



Office of Audit Services

Annual Audit Report

For the Year Ended August 31, 2020

Kimberly F. Turner, CPA

Chief Audit Executive

October 30, 2020

Transmittal Letter

October 30, 2020

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

Dear Mr. Hammonds:

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, 2020. 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, 2020, we issued 69 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 and title 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

Table of Contents

Compliance with Texas Government Code, Section 2102.015	1
Annual Plan for Fiscal Year 2020	2-20
List of Audits Completed	
Texas Tech University System and Components	21-33
Texas Tech University	34-42
Texas Tech University Health Sciences Center	43-48
Texas Tech University Health Sciences Center El Paso	49-56
Angelo State University	57-62
List of Consulting Engagements and Non-Audit Services Completed	63-66
Contracting Audits Completed – Texas Tech University	67-70
External Quality Assurance Review	71-72
Report on Other Value-Added Activities	73-75
Annual Plan for Fiscal Year 2021	76-93
External Audit Services	94-95
Reporting Suspected Fraud and Abuse	96

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 2020

The annual audit plan for Texas Tech University System for the year ended August 31, 2020, which is included in this report, was approved by the Audit Committee of the Board of Regents on August 8, 2019. There were 51 planned engagements included in the annual plan, and no engagements were added during the year.

Of the planned engagements, 30 were completed, 11 were in progress at year-end, 5 were carried forward to fiscal year 2021, and 5 were cancelled. The audits carried forward to the fiscal year 2021 annual plan were TTU Certified Cost Rehabilitation Report – Weeks Hall, TTUHSC Amarillo Campus Departments, TTUHSC El Paso Information Technology Governance, TTUHSC El Paso MPIP Business Office, and ASU Office of Institutional Advancement. The cancelled projects were TTU College Reserve Balances, TTU TAC 202 Information Technology Controls Compliance, TTUHSC Mental Health Institute, TTUHSC El Paso Physical Plant, and ASU Online Giving Processes.

The 11 planned audits that were in progress at year-end and their current status are as follows:

Texas Tech University

Advising Processes – Fieldwork

Intercollegiate Athletics – Complete

University Libraries – Review

Texas Tech University Health Sciences Center

Student Financial Aid – Complete

School of Pharmacy – Fieldwork

Lubbock Department of Pediatrics – Draft Issued

Texas Tech University Health Sciences Center El Paso

Student Financial Aid – Complete

Electronic Medical Record Application Controls – Complete

Hunt School of Nursing – Complete

Institutional Advancement – Complete

Angelo State University

Contracting Office – Review

Annual Plan for Fiscal Year 2020

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

In addition to the planned engagements and other risk-based engagements included above, 17 planned projects in progress at September 1, 2019, were completed during the year. Our office began 8 special projects or investigations during the year because of changing risks and priorities, reports to the Texas Tech Fraud and Misconduct Hotline or directly to our office, or other factors. Six of these engagements were completed prior to August 31, 2020. The other two are still in progress.

Rider 8, page III-48, the General Appropriations Act (86th Legislature) required higher education institutions to conduct an internal audit of benefits proportional by method of finance for fiscal years 2017 through 2019 using a methodology approved by the State Auditor's Office. The audit was required to be completed no later than August 31, 2020. The Office of Audit Services at Texas Tech University System completed an audit of benefits proportional by fund (#2020005) on July 7, 2020, which fulfilled the audit requirement for fiscal years 2018 and 2019. Fiscal year 2017 was included in the previous audit of benefits proportional by fund (#2018005) completed on April 18, 2018. The audit reports were 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 2020 annual audit plan.

Texas Education Code, Section 51.9337(h), as added by Senate Bill 20 (84th 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 2020 annual audit plan. The audit report (#2020004) was issued to management on July 23, 2020, 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.

Other contract related engagements that were completed during fiscal year 2020 include TTUHSC Correctional Managed Health Care Contract (focused on time clock processes), TTUHSC El Paso Medical Services Agreement Billing Review, and TTUHSC El Paso Heating, Ventilation, and Air Conditioning (HVAC) Vendor Contract Review. Certain other audits included individual contracting objectives as a portion of the overall engagement scope.

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 2020



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

Annual Plan for Fiscal Year 2020

Table of Contents



Transmittal Letter	3
Mission Statement	4
Quality Assurance	5
Performance Measures	6
Risk Assessment Process	7
Allocation of Time	8
Planned Engagements	9-13
Nature of Work	14-15
Audit Process	16-17

Annual Plan for Fiscal Year 2020

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

3

Annual Plan for Fiscal Year 2020

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 2020

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 2020

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 2020

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.

7

Annual Plan for Fiscal Year 2020

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.

Annual Plan for Fiscal Year 2020

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
Clery Act Reporting Processes	Compliance
State Auditor's Office, THECB, and Comptroller's Office Misc. Projects	External Audit
Construction Project Audits	External Audit

Annual Plan for Fiscal Year 2020

Planned Engagements (continued)



Texas Tech University

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

10

Annual Plan for Fiscal Year 2020

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

Annual Plan for Fiscal Year 2020

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

Annual Plan for Fiscal Year 2020

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

Annual Plan for Fiscal Year 2020

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

14

Annual Plan for Fiscal Year 2020

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

15

Annual Plan for Fiscal Year 2020

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 2020

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

Audits Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	10/8/2019	TTUS Closeout Construction Costs – TTUHSC Permian Basin Academic Facility	<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 Texas Tech University Health Sciences Center's Permian Basin Academic Facility was performed by CBIZ, a public accounting and consulting firm engaged by Texas Tech University System. On March 1, 2016, Texas Tech University System entered into a construction manager at risk agreement with Flintco, LLC for construction management of the Permian Basin Academic Facility.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 26, which was for services provided through January 31, 2019. The total amount billed as of that date, including the construction manager's fee, was \$16,135,593. The auditors identified net unallowable costs of \$6,609, primarily related to subcontractor change orders. After additional adjustments, Texas Tech will ensure Flintco's final billing includes a credit of \$7,320.</p>	Implemented
2020008	10/31/2019	Office of Audit Services 2019 Annual 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 2019, our latest external quality assurance review, lists of audit and non-audit engagements completed, external audit services provided to Texas Tech, and the 2019 and 2020 annual audit plans.	No recommendations to implement.
2019007	11/26/2019	Assessment of Risk Management Processes	Texas Tech University System has implemented Enterprise Risk Management (ERM), which is defined as a process, overseen by the chancellor and respective president of each component institution, applied in strategy setting and across	This report was informational in nature. No formal recommendations requiring a

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>the enterprise, designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives. While standards of practice have been defined, each institution has independently developed a structure for its implementation.</p> <p>The System's institutions are in varying stages of ERM implementation and optimization. All have identified top risks, along with mitigation strategies designed to reduce the likelihood of occurrence, the impact should the risk occur, or both. We noted ERM processes are continuing to evolve and strengthen within the System. The report includes strengths and opportunities for each institution to continue to build momentum to ensure the most significant risks facing the System are effectively managed.</p>	management response were made.
2019022a	12/6/2019	Office of Investments	<p>The audit objectives were to evaluate the Office of Investments' contract management and conflict of interest and commitment disclosure processes and to evaluate internal controls surrounding financial operations and the investment incentive plan. The Office of Investments (Office) has established certain controls surrounding its financial operations and has developed processes for executing contracts with investment managers; however, there are opportunities to strengthen internal controls in several areas.</p> <p>There is no policy related to the investment incentive plan, nor does the plan itself prohibit modifications to plan criteria during the plan year. In all three of the most recent years, material modifications that increased the potential payouts were made during or after the plan year. Some incentive plan terms are vague, resulting in inconsistent application of salary capture dates and other key calculation parameters. Senior management plans to develop a policy framework related to the investment incentive plan. Additionally, several Investment</p>	<p>Incomplete/ongoing</p> <p>Three of the recommendations have been implemented. The last recommendation, regarding conflict of interest disclosures, is pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Advisory Committee (IAC) members and Office employees have not submitted conflict of interest disclosures in accordance with Texas Tech University System Regents' Rule Chapter 03, <i>Personnel</i> ; the Long-Term Investment Fund (LTIF) Investment Policy Statement; and/or Texas Tech University Operating Policy 10.20, <i>Conflict of Interest and Commitment Policy</i> . The Office executed one contractual agreement outside of established review and approval processes, and did not formalize substantive changes to another contract's terms until the contract was renewed approximately five years later. Finally, while not included in the audit objectives, auditors also identified an opportunity to ensure the IAC's processes for voting on investment manager selections and redemptions demonstrate compliance with negative consent provisions included in the LTIF Investment Policy Statement.	
2019022b	12/6/2019	Executive Administrator Designation	During performance of the Office of Investments audit, we noted a matter that was best addressed by the chancellor. Regents' Rule Chapter 03, <i>Personnel</i> , designates individuals holding certain positions at Texas Tech University System as executive administrators and includes specific conflict of interest and commitment approval and disclosure requirements for them. However, there are certain high ranking positions, including the chief investment officer, deputy chancellor, and others that are not specifically designated as executive administrators in the policy. The policy provides for the chancellor to designate additional positions as executive administrators for purposes of these conflict of interest and commitment approval and disclosure requirements.	Implemented
2020078	1/13/2020	Endowment Report Special	At the request of senior management, auditors conducted limited procedures to verify the accuracy and consistency of certain financial information presented in the 2019 Endowment Report. The Endowment Report, which is provided to donors annually, contains historical information related to Texas Tech	This report was informational in nature. No formal recommendation requiring a management response was made.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			University System's overall investment performance, along with each donor's individual endowment and associated expendable fund activity for the most recent fiscal year. We evaluated consistency between two informational tables included in the Endowment Report that are designed to provide an overview of Texas Tech University System's endowment activity and the Long Term Investment Fund's investment performance over the last five fiscal years. There is a direct correlation between the Long Term Investment Fund's investment performance and certain line items included in the endowment activity table; however, the endowment activity table also includes activities from other components of Texas Tech University System's endowment that are not invested in the Long Term Investment Fund. Inclusion of information for endowments not invested in the Long Term Investment Fund, as well as the complexity of the methodology for calculating the Long Term Investment Fund's performance, causes differences in the two tables that may appear significant. We provided this information to senior management for their consideration in messaging related to the information.	
N/A	1/21/2020	TTUS Closeout Construction Costs – TTU Experimental Sciences Building II	<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 Texas Tech University's Experimental Sciences Building II was performed by CBIZ, a public accounting and consulting firm engaged by Texas Tech University System. On May 10, 2016, Texas Tech University System entered into a construction manager at risk agreement with Flintco, LLC, for construction management of the Experimental Sciences Building II.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 35, which was for services provided through July 31, 2019. The total amount billed as of that date, including the construction manager's fee, was \$58,368,468. The auditors</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			identified net unallowable costs for the interim and closeout phases of the audit totaling \$23,329, primarily related to subcontractor change orders and the application of performance and payment bond rates to change orders. After additional adjustments, Texas Tech will ensure Flintco's final billing includes credits for all identified items. CBIZ also had two operational recommendations for TTUS. A recommendation to update contract language related to pre-approval of subcontractor rates for labor and equipment has been implemented. TTUS agrees with the recommendation that allowance items be clearly identified within contract amendments and will implement it for future projects.	
2020006	4/6/2020	Texas Tech Foundation, Inc. 2019 Financial Statements and Independent Auditor's Report	We assisted the independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, in the annual audit of Texas Tech Foundation, Inc., for the year ended August 31, 2019. 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. However, the auditors noted one matter of concern in the internal control letter. As of August 31, 2019 and for several months, the reconciliation between TTUS records and the records of the reporting vendor, Maples, was out of balance by \$6 million. The TTUS department preparing the reconciliation had difficulty obtaining some necessary information from Maples. Management responded that TTUS is switching to another vendor with a more robust platform by August 31, 2020. Additionally, the CFO has established monthly meetings with the staffs of the accounting and investments offices to review the reconciliations and enhance communications.	Incomplete/ongoing The new reporting system, Caissa, is implemented and initial reconciliations will be completed after the first quarter of fiscal year 2021.
2020007	4/6/2020	Regents, Chancellor and Presidents Travel and Credit Cards Agreed-Upon Procedures	The CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, conducted an agreed-upon procedures engagement in which they reviewed fiscal year 2019 expense reimbursements, credit card expenses, and charter flights of the regents, chancellor, and presidents. The auditors noted 10 of the chancellor's	No recommendations were made in this agreed-upon procedures engagement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			vouchers were approved more than 30 days after the trip date. The auditors also noted 38 of the TTU President's travel vouchers were dated well after the trip dates, a situation also noted in the 2018 engagement.	
N/A	5/4/2020	TTUS Closeout Construction Costs – TTUHSC Lubbock Education, Research & Technology + West Expansion	<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 Texas Tech University Health Sciences Center's Lubbock Education, Research & Technology + West Expansion (LERT) was performed by CBIZ, a public accounting and consulting firm engaged by Texas Tech University System. On July 11, 2016, Texas Tech University System entered into a construction manager at risk agreement with Hill & Wilkinson (H&W) for construction management of the LERT. Contract amendments subsequently increased the contract amount to \$71,072,224 as of October 31, 2019.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 28, which was for services provided through October 31, 2019. The total amount billed as of that date, including the construction manager's fee, was \$70,576,872. The auditors identified net unallowable costs for the interim and closeout phases of the audit totaling \$229,321, primarily related to subcontractor labor rates, field labor overtime, equipment rental rates, and timing differences of certain items billed earlier than allowed. During the closeout audit, CBIZ verified that H&W has resolved all amounts in question, either through credits to Texas Tech or through substituting other allowable costs to be billed in place of unallowable ones. Finally, CBIZ recommended that Texas Tech reconcile remaining allowance budgets totaling \$33,510 to actual cost documents to determine any budget overage or savings. Texas Tech has indicated this reconciliation will be completed before the project is closed out.</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020035a	5/5/2020	Governance of Clery Act Reporting Processes	<p>Each Texas Tech University System (System) component institution must comply with the <i>Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act of 1990</i> (Clery Act), which is part of the U.S. Higher Education Act of 1965. The Clery Act requires institutions of higher education to publish and distribute an annual security report (ASR) that discloses campus crime statistics (Clery statistics), security information, institutional policy statements, and other information. Institutions with residential housing facilities must also publish an annual fire safety report containing policy statements and fire statistics. The Clery Act also requires institutions to issue certain campus alerts, maintain a crime log, and provide educational programs and campaigns to promote the awareness of dating violence, domestic violence, sexual assault, and stalking. Compliance with the Clery Act is an extremely complex endeavor involving multiple institutional and System offices including human resources, student conduct, police department, Title IX, EEO, housing, and international programs, among others.</p> <p>The objective of the audit was to evaluate processes and compliance with select high risk portions of the <i>Jeanne Clery Disclosure of Campus Security Policy and Crime Statistics Act</i>. The results of the audit were reported in separate reports to each component institution. However, during the course of the audit, we also noted two issues that are best addressed by the Office of the Chancellor.</p> <p>Historically, Clery Act compliance has been managed by component institutions with little communication and collaboration among institutional departments involved in ensuring compliance and no concerted effort at the System level. Institutional management underestimated the breadth and complexity, and therefore the effort and resources, required to ensure compliance with the Clery Act. Given the</p>	<p>Incomplete/ongoing</p> <p>The recommendation related to developing and implementing a comprehensive framework and policy is in progress, and the recommendation related to the content and distribution of each component institution's Annual Security Report is pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>importance of Clery Act compliance, System-wide oversight, coordination, and support will be vested in a new Clery Compliance Coordinator position. The Chancellor agreed with our recommendations to:</p> <ul style="list-style-type: none"> • develop a comprehensive framework to define the System's administrative responsibility for oversight, coordination, and support of Clery Act compliance efforts; • amend System Regulation 7.05, Clery Act Compliance, to better facilitate compliance with the Clery Act; and • ensure Annual Security Reports published by each component institution include all required information. 	
N/A	5/6/2020	TTUS Closeout Construction Costs – TTU College of Visual and Performing Arts Maedgen Theatre Addition	<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 Texas Tech University's College of Visual and Performing Arts Maedgen Theatre Addition was performed by CBIZ, a public accounting and consulting firm engaged by Texas Tech University System. On January 9, 2017, Texas Tech University System entered into a construction manager at risk agreement with Teinert Commercial Building Services (Teinert) for construction of an addition to the Maedgen Theatre at TTU's College of Visual and Performing Arts. Contract amendments subsequently increased the contract amount to \$17,878,903 as of June 30, 2019.</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 June 30, 2019. The total amount billed as of that date, including the construction manager's fee, was \$16,988,234. The auditors identified net unallowable costs for the interim and closeout</p>	<p>Incomplete/ongoing</p> <p>The final pay application, which will demonstrate final reconciliation of the remaining allowance budgets, is expected soon. All other operational recommendations have been implemented.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			phases of the audit totaling \$17,084, primarily related to subcontractor billings. Texas Tech has verified that Teinert resolved all amounts in question, either through credits or through substituting other allowable costs to be billed in place of unallowable ones. Finally, CBIZ recommended that Texas Tech confirm remaining allowance budgets totaling \$94,268 are returned. Texas Tech has developed a new allowance log template to use on future projects, which will result in allowance usage being reconciled consistently across all TTUS projects. Texas Tech has also completed recommended contract revisions, plans to ensure allowance items are clearly identified in GMP amendments, and plans to administer construction manager self-performed scopes of work on future projects.	
2020003	5/22/2020	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 requirements for fiscal year 2019 expenditures. This audit, which was performed by the independent CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, covered 27 grants totaling over \$37 million at TTUHSC, TTUHSC EP, and TTU, of which \$5.8 million was expended during fiscal year 2019. 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.	No recommendations to implement.
2019048	6/8/2020	Office of Audit Services IT Risk Assessment Framework	The purpose of this project was to develop a framework that aligns Audit Services' IT risk assessment activities with the Texas Administrative Code (TAC) Chapter 202 Information Security Standards framework. This framework, with the accompanying Security Control Standards Catalog, is being implemented by the IT Divisions across the Texas Tech University System's member institutions. Aligning Audit	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Services' internal IT risk assessment with TAC 202 will eliminate potential duplication of effort and provide reasonable assurance that Audit Services is considering a wide breadth of IT risks for each institution in developing the annual audit plan.	
2020005	7/7/2020	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, 85th Legislature (General Appropriations Act), and the policies and procedures established by the Office of the Comptroller of Public Accounts. The audit covered fiscal years 2018 and 2019 and included Texas Tech University, Texas Tech University Health Sciences Center, Texas Tech University Health Sciences Center El Paso, and Angelo State University.</p> <p>Texas Tech University System's member institutions generally comply with the defined provisions and guidelines for reporting benefits proportionally by fund. The APS 011 reports for fiscal years 2018 and 2019 were prepared in compliance with the General Appropriations Act and other established guidelines. Each institution's report agrees to supporting documentation and account balances in both the Uniform Statewide Accounting System (USAS) and each institutions' financial ledgers. In addition, System member institutions' deposits to the State Treasury and transfers recorded in USAS were reasonable, appropriate, and in line with the expected activity of the institution, and employee salaries paid from the General Revenue Fund were allowable and authorized on General Revenue Funds.</p>	No recommendations to implement.
2020029b	7/22/2020	DegreeWorks Application Change Management	During the Texas Tech University Health Sciences Center Office of the Registrar audit, auditors gained a high-level understanding of DegreeWorks, an application that helps students and advisors monitor academic progress toward	<p>Incomplete/ongoing</p> <p>Implementation is in progress. The implementation date</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			degree completion. The Health Sciences Center Office of the Registrar also uses this application to review student completion of degree requirements prior to issuing diplomas. Institutional representatives have been submitting requests to modify degree plans to a single Information Systems employee via email. Formal mechanisms were not in place to track requests and review changes to DegreeWorks, which can result in unprocessed change requests and which limits information on production changes. TTUS Information Systems management agreed with our recommendations to formally track requests and production changes, document change management procedures in case of employee turnover, and define a timeline for degree requirement reviews and change requests.	provided by management is at the end of October 2020.
2020004	7/23/2020	Contracting and Procurement Processes	The audit objective was to assess whether the Texas Tech University System and its component institutions have adopted rules and policies required by Section 23 of Senate Bill 20, which imposes requirements related to contracting and procurement to achieve greater accountability in state agencies. The System and its component institutions have adopted the rules and policies required by Senate Bill 20, Section 23. However, there is an opportunity to implement processes to periodically review the System Contract Management Handbook and its exhibits for accuracy and consistency and to ensure its content aligns with Regents' Rules, System Regulations, and component institution operating policies.	Incomplete/ongoing As this engagement is required annually, the Office of Audit Services will follow up on this recommendation during the fiscal year 2021 engagement.
2020010	7/24/2020	Office of Audit Services Quality Assurance Activities	In accordance with generally accepted government auditing standards (GAGAS) Standard 5.44, 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	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Office of Audit Services has established procedures that provide reasonable assurance that audits and other engagements are performed and reports are issued in accordance with professional standards. The current year review of select audit engagements found OAS generally conforms with IIA Standards and OAS policies. The Government Auditing Standards were revised in 2018, with revisions for performance audits effective on July 1, 2019. A major change to the performance audit standards included determining and documenting the significance and obtaining an understanding of internal controls relevant to the audit objectives. A recommendation was made in last year's quality assurance report to evaluate the current methodology for documenting internal controls relevant to audit objectives to ensure processes and documentation are consistent with the revised standards. Plans to implement the recommendation in February and then April were delayed by weather and the COVID-19 outbreak, respectively. While the recommendation has now been addressed, it was not fully implemented until June 2020. As a result, OAS did not fully comply with GAGAS standards 8.39, 8.40, or 9.05 from July 2019 until June 2020. Ms. Jack made no recommendations, as at the time she performed her review, the OAS was fully compliant with all standards.</p>	
2020009	8/7/2020	Office of Audit Services 2021 Annual Audit Plan	<p>In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we have prepared our 2021 annual audit plan based on the results of a formal risk assessment process. Our plan of work incorporates all the institutions 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>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			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 recommendations, and other value-added work. Sections 01.02.8 and 07.02.7, Regents' Rules, require Board approval of the plan.	

Audits Completed

Texas Tech University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2019036	9/20/2019	College of Education	The audit objective was to evaluate the College of Education's (College) contracting and grant financial management processes. The College has not implemented a strong control structure surrounding contracting and grant financial management processes. College personnel have executed contractual agreements outside of established University review and approval processes and have not executed written contracts for some agreements. The US PREP Center executed agreements that included cloud computing and data sharing provisions without obtaining input from Texas Tech University's IT Division. The College does not have a comprehensive process in place to track and account for gift cards and is unable to account for almost \$82,000 in gift cards received in conjunction with a large grant. While travel, food, and entertainment expenditures charged to grants were allowable, there are opportunities to strengthen internal controls surrounding contract management and review, grant financial reporting, gift card management, and participant payment processes. Finally, we recommended elimination of an internal application the College utilizes to manage grant financial activity, which is a redundant system with the University's accounting system.	Incomplete/ongoing Five of the recommendations have been implemented. The last recommendation, regarding contract management, is pending verification by the Office of Audit Services.
2020013	10/29/2019	Joint Admission Medical Program	The objective of this audit was to provide reasonable assurance that Texas Tech University complied with the JAMP Agreement and the JAMP Expenditure Guidelines. For the fiscal year ended August 31, 2019, JAMP awarded \$15,123 to TTU, of which \$2,793 in unexpended funds was returned. We concluded TTU has implemented sufficient oversight and monitoring procedures to ensure the grant is administered in compliance with the JAMP Agreement. In addition, fiscal year 2019 expenditures comply with the JAMP Expenditure Guidelines.	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2019050	10/29/2019	Costa Rica Campus	Texas Tech University is providing oversight to key risks for TTU-Costa Rica (TTU-CR) in the areas of reputation, finance, and academics. The University has implemented processes or contract provisions to mitigate risks regarding student services, facilities, operating costs, cost reimbursement distribution, royalty payment amounts, program fees, tax compliance, accreditation, and incoming student quality, among other risks. However, we identified an opportunity for the University to enhance its oversight of TTU-CR's sex discrimination protection processes, commonly referred to as Title IX protections. In addition, the University has an opportunity to enhance its processes for monitoring timely cost reimbursement and royalty payments to ensure the timing is compliant with the current agreements with EDULINK, owner and operator of the TTU-CR facility.	Incomplete/ongoing The recommendation related to Title IX processes has been verified as implemented. A contract amendment that will address payment timeliness is in progress.
2019025	11/15/2019	Research Safety Governance	The audit objectives were to evaluate the safety governance culture to determine if Texas Tech University administration's oversight demonstrates a commitment to safety, and to determine if employees at all levels of the University understand their roles and responsibilities in establishing a positive safety culture. Overall, the University has built a multi-level governance structure related to research safety. However, certain elements within the structure could be further enhanced, such as communicating safety expectations to new hires, including a safety component in faculty evaluations, and distributing safety performance metrics to the campus community.	Incomplete/ongoing Two of the recommendations have been implemented. Other recommendations are pending verification by the Office of Audit Services.
2019084	11/25/2019	Certified Rehabilitation Cost – Administration Building	The Texas Historic Preservation Tax Credit Program (Program) was established during the 83 rd Texas Legislative Session and went into effect on January 1, 2015. The state historic tax credit is worth 25% of eligible rehabilitation costs for buildings listed in the National Register of Historic Places, as well as Recorded Texas Historic Landmarks and Texas State Antiquities Landmarks. Although governmental entities	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			may not be able to utilize the tax credit, the credits may be sold to entities that can. The “Texas Technological College Historic District,” which includes the Texas Tech University Administration Building, is listed on the National Register of Historic Places. In order to be eligible for the tax credit program, a project must meet certain criteria and the costs must be audited. This engagement was performed to meet the audit requirement included in the Program. We certified total eligible rehabilitation costs for the Administration Building renovation are \$1,886,338.	
2019051b	11/26/2019	Student Success and Retention Governance	<p>TTU’s 2025 Strategic Plan includes a priority to “educate and empower a diverse student body” with a goal to “increase retention and graduation rates, and placement of graduates.” To achieve this goal, the Office of the Provost implemented a Student Success and Retention Initiative, which is driven by a Student Success and Retention team (Student Success) that includes management, staff, and student employees. The Student Success team’s goal is to provide outreach and support services for students to increase retention and improve the college experience. The audit objectives were to evaluate Student Success systems and utilization to ensure their capabilities are maximized and duplication of resources is minimized; determine if the control structure surrounding student retention reporting processes ensures accuracy and segregation of responsibilities; and determine if lines of responsibilities are clearly defined.</p> <p>Student Success as well as colleges are critical to retaining students at the University; however, the roles and responsibilities of each are not clearly defined. Colleges and Student Success have access to multiple systems to assist them in retention efforts, and each college utilizes the systems to fit their individual needs. Colleges collaborate with Student Success to integrate their efforts and ensure all necessary students are contacted; however, colleges and Student Success</p>	<p>Incomplete/ongoing</p> <p>Based on follow-up performed, the implementation date has been revised to the end of December 2020.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			do not consistently work together to ensure efficiency and eliminate duplication of their retention efforts. We recommended the Provost's Office define the roles and responsibilities for student retention activities between colleges and Student Success, including what documentation should be kept and where it will be stored.	
2019051a	11/26/2019	Student Success and Retention	During performance of the Student Success and Retention audit, we noted two issues that were best addressed by Student Success. Student Success has developed a complex process for calculating student retention numbers. The process is highly automated and includes multiple data points. However, the reporting process lacks certain key controls such as documented procedures and review of generated metrics and reports. Additionally, one server supporting a critical system is nearing end-of-life and should be replaced.	Incomplete/ongoing The recommendation related to the aging server has been verified as implemented. Based on follow-up performed for the other recommendation, the implementation date has been revised to the end of December 2020.
2020014a	12/20/2019	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 2019 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.
2020012	1/9/2020	Texas Tech Public Media 2019 Financial Statements	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 Bolinger, Segars, Gilbert & Moss, LLP, with the annual audit of Texas Tech Public Media for the year ended August 31, 2019, and preparation of the annual report for submission to the Corporation for Public Broadcasting (CPB). This audit is required by the CPB. 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.	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Additionally, there were no proposed but unrecorded journal entries, and no internal control weaknesses were identified.	
2020011	1/10/2020	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, 2019, 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.
2020014b	1/13/2020	Football Attendance Processes	In performing the NCAA Football Attendance Certification engagement, we noted the inclusion of duplicate seat and test account ticket scans in attendance counts. While these scans do not impact compliance with the Bylaw regarding attendance, including them overstates attendance reported to NCAA. Management agrees and has developed a process to exclude them from its reporting.	Incomplete/ongoing Follow-up is planned before the end of the calendar year.
2020014c	1/22/2020	Football Student Attendance Processes	In performing the NCAA Football Attendance Certification engagement, we noted the inclusion of students whose identification swipe did not permit entry to the game. That is, the swipe of the student's identification card, which acts as their ticket into the game, indicated it was lost or replaced. While these scans do not impact compliance with the Bylaw regarding attendance, including them overstates attendance reported to NCAA. Management agrees and has developed a process to exclude them from its reporting, as well as to retain documentation for the required four-year period.	Incomplete/ongoing Pending verification by the Office of Audit Services.
2020082	1/27/2020	Humanities Center Special	After receiving a concern about social events held by the Humanities Center, auditors reviewed expenditures for social events and alcohol. Alcohol and food expenditures for certain social events do not comply with TTU funding restrictions. Center employees were transparent about their purchases and processes while working with the audit team. However, purchasing alcohol and food using the Center's current funding	Incomplete/ongoing Pending verification by the Office of Audit Services.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			structure is a violation of University operating policy and is not a prudent use of designated tuition revenue. Management agrees with our recommendations and is working with the Provost's Office to restructure future events.	
2020035b	5/5/2020	Clery Act Reporting Processes	<p>Each institution within the Texas Tech University System is individually responsible for complying with the Clery Act's requirements. We audited certain Clery Act reporting processes at all four institutions within the Texas Tech University System. The scope of this audit focused on the content and distribution of the Annual Security Report (ASR); processes for compiling Clery statistics; and processes for identifying non-campus Clery geography associated with student organizations, student housing, and study abroad.</p> <p>Given the importance of Clery Act compliance, System-wide oversight, coordination, and support will be vested in a new Clery Compliance Coordinator position. Still, the Clery Act is too broad and complex to vest responsibility for overseeing compliance in any one individual or department. As a result, we recommended each institution establish an institutional Clery Act compliance committee to coordinate and oversee institutional compliance efforts, including defining and formally documenting Clery Act compliance responsibilities, policies, and procedures; developing open lines of communication and collaboration for compilation of Clery crime statistics; and assessing and coordinating institutional Clery Act training needs. We also recommended each institutional Clery Act compliance committee develop annual processes to obtain and assess necessary information to identify non-campus Clery geography associated with student organizations, student housing, and study abroad. Finally, we recommended the institutional Clery Act compliance committees develop processes to ensure the ASRs include all required policy statements and ensure all prospective students</p>	<p>Incomplete/ongoing</p> <p>The recommendation related to the Annual Security Report's content and distribution is pending verification by the Office of Audit Services. The remaining recommendations are in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>and employees are notified of the availability of the ASRs as required.</p> <p>Additional risk areas not addressed by this audit, which should be addressed by institutional management, include:</p> <ul style="list-style-type: none"> • Campus Security Authority identification, notification, and training • Real-time reporting of sex offense reports to the police department for assessment of timely warning notifications • Formal assignment of responsibility for identifying and maintaining Clery geography • Crime log requirements for inclusion of current disposition of crime reports 	
2020023	6/2020	Student Financial Aid Program	<p>The independent audit and advisory firm of Baker Tilly Virchow Krause, LLP, performed an audit of the Student Financial Aid Program at Texas Tech University. The objectives of the engagement were to provide assurance that the Office of Student Financial Aid complied with federal regulations and to advise on opportunities to mitigate any operational and system-related risks noted. Baker Tilly found zero compliance violations in its sample testing and concluded that the current program for awarding, distributing, and managing student financial aid is mostly designed appropriately, with a few enhancements needed, to ensure compliance with federal requirements and regulations. The model used to establish the cost of attendance for each student was also aligned with peer institutions and applied consistently across a sample of students. Management agreed with and has begun implementation of Baker Tilly's recommendations to clarify roles around compliance with the Gramm-Leach-Bliley Act and to monitor students who received federal Title IV funds and then withdrew from the University.</p>	<p>Incomplete/ongoing</p> <p>Student Financial Aid management has implemented the recommendation related to monitoring students who received federal Title IV funds and then withdrew from the University. The remaining recommendation to clarify roles involved in compliance with the Gramm-Leach-Bliley Act is in progress.</p>
2020048	7/6/2020	University Interscholastic League Office	<p>The audit objectives were to evaluate internal controls surrounding cash handling processes at Texas Tech</p>	Incomplete/ongoing

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			University's Interscholastic League Office (TTUIL) and to determine if TTUIL's associations with any outside parties merit the establishment of a formal agreement. TTUIL has begun to formalize agreements with some outside parties and has established certain internal controls over cash handling, including processes to reconcile ticket, pin, and patch proceeds; prepare deposits timely; and secure funds in a safe overnight. However, there are opportunities to strengthen internal controls and ensure compliance with Texas Tech University operating policies and procedures and Payment Card Industry Data Security Standard (PCI DSS). Finally, TTUIL has opportunities to formalize agreements with meet directors and ensure contracting and payment processes associated with such agreements comply with University policies.	Pending verification by the Office of Audit Services.
2020074	7/23/2020	Texas Tech Equestrian Center Special	<p>This audit was completed after TTU management notified Audit Services that the Equestrian Center processed a large dollar after-the-fact purchase order. Upon arrival at the Center, auditors also learned the employee primarily responsible for the Center's financial processes had resigned abruptly the week before and refused to give the Center Director access to its internal financial information. While the TTU Information Technology Division was able to restore access to the Center's QuickBooks account, Center management was concerned the former employee was attempting to conceal fraudulent activities.</p> <p>Overall, our review of the former Office Coordinator's financial activities did not reveal evidence of fraud or misuse of funds. However, as a result of the limited cash handling controls in place during the former Office Coordinator's tenure, auditors could not conclude with certainty that no fraud was committed. There are opportunities to strengthen internal controls over cash handling and ensure compliance with University operating policies and procedures. There are also</p>	<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
			opportunities to ensure equine boarding and facility use agreements are executed through established University contract review and approval processes; ensure purchase orders are processed in compliance with University OPs; and engage and maintain ongoing communication with Building Maintenance and Construction when performing approved self-help projects.	
2020036	7/24/2020	Transportation & Parking Services	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The objectives of this audit were to evaluate select information technology security controls in place to protect hardware and sensitive data in Transportation and Parking Services (the Department); to evaluate internal controls surrounding cash handling and citation voids and dismissals; and to evaluate the Department's vendor management and hardware life cycle management processes. Auditors concluded the Department has established certain internal controls over cash handling, including processes to reconcile cash drawers and securing funds in a safe overnight. Additionally, citation voids and dismissals appear reasonable. Finally, the Department tracks the lifecycle of its devices and hardware in order to plan for their replacement and has implemented several information technology controls to protect its hardware and sensitive data, such as securing data in transit and patching servers timely.</p> <p>However, auditors identified opportunities to strengthen cash handling internal controls, ensure reconciliation processes are comprehensive, and limit access to the NuPark application in accordance with the principle of least privilege. There are also opportunities to isolate the Department's data back-ups from the data source, limit physical access to the Department's server room, and implement a vendor management program.</p>	<p>Incomplete/ongoing</p> <p>Two of the recommendations have been implemented. It is not yet time to follow up on one recommendation, and the remaining recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020017a	12/20/2019	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 2019 expenditures were \$747,909. 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.
2020015	4/14/2020	Willed Body Program	The Willed Body Program (Program) at TTUHSC reports to the Institute of Anatomical Sciences and exists to advance anatomical education and research by managing donated cadavers. The Anatomical Board of the State of Texas requires a compliance audit of the Program every five years. The Program at TTUHSC has implemented a number of controls to help ensure compliance with the rules and regulations of the Anatomical Board. The Program complies with requirements in the areas of oversight, facilities, assessment fees, and disposal. The Program also complies with most inventory requirements; however, it has untracked anatomical specimens in its facility. Auditors identified opportunities to strengthen controls surrounding specimen inventory tracking, transfer fee payments, and financial responsibilities.	Implemented
2020076	4/14/2020	Managed Care Time Clock	Auditors conducted this audit after Managed Care management expressed concerns surrounding the shift codes used by three nurses at the Clements Medical Unit, resulting in higher hourly rates being applied to their shifts. Overall, auditors could not conclude intent to commit fraud by nursing staff at the Clements Medical Unit. While incorrect shift codes were selected by the three nurses, there were not consistent or	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			longstanding patterns of selecting the higher rate shifts. Some of the incorrect shifts were favorable to the employees while others were unfavorable to the employees. However, process and system control weaknesses were noted, which contributed to incorrect shift codes being selected and approved, and nursing staff being paid incorrectly. Management at the Clements Unit began implementing changes to processes during the course of this engagement, and there has been turnover in Unit management as well as within the nursing staff. Auditors recommended additional improvements to processes and controls.	
2020035c	4/29/2020	Clery Act Reporting Processes	<p>Each institution within the Texas Tech University System is individually responsible for complying with the Clery Act's requirements. We audited certain Clery Act reporting processes at all four institutions within the Texas Tech University System. The scope of this audit focused on the content and distribution of the Annual Security Report (ASR); processes for compiling Clery statistics; and processes for identifying non-campus Clery geography associated with student organizations, student housing, and study abroad.</p> <p>Given the importance of Clery Act compliance, System-wide oversight, coordination, and support will be vested in a new Clery Compliance Coordinator position. Still, the Clery Act is too broad and complex to vest responsibility for overseeing compliance in any one individual or department. As a result, we recommended each institution establish an institutional Clery Act compliance committee to coordinate and oversee institutional compliance efforts, including defining and formally documenting Clery Act compliance responsibilities, policies, and procedures; developing open lines of communication and collaboration for compilation of Clery crime statistics; and assessing and coordinating institutional Clery Act training needs. We also recommended each institutional Clery Act compliance committee develop annual</p>	<p>Incomplete/ongoing</p> <p>The recommendation related to the Annual Security Report's content and distribution is pending verification by the Office of Audit Services. The remaining recommendations are in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>processes to obtain and assess necessary information to identify non-campus Clery geography associated with student organizations, student housing, and study abroad. Finally, we recommended the institutional Clery Act compliance committees develop processes to ensure the ASRs include all required policy statements and ensure all prospective students and employees are notified of the availability of the ASRs as required.</p> <p>Additional risk areas not addressed by this audit, which should be addressed by institutional management, include:</p> <ul style="list-style-type: none"> • Campus Security Authority identification, notification, and training • Real-time reporting of sex offense reports to the police department for assessment of timely warning notifications • Formal assignment of responsibility for identifying and maintaining Clery geography • Crime log requirements for inclusion of current disposition of crime reports 	
2019027	7/23/2020	Department of Ophthalmology EMR Migration and Implementation Review	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The objective of this assessment was to evaluate the implementation of Integrity, the Department of Ophthalmology's new electronic medical record application, and provide guidance on internal controls and process efficiencies. To achieve this objective, we observed the activities of the project management and migration teams, including team meetings with Eye Care Leaders LLC, the parent company for Integrity. We provided interim reports several times during the implementation, which initially excluded a number of key offices and stakeholders.</p> <p>Once an effective Migration Team was identified and engaged, the implementation was delayed so additional development</p>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			and testing could be fully and successfully completed. In addition to serving as a member of the Migration Team, Audit Services sent a post-implementation survey to team members and to Integrity end users. This report communicates the lessons learned, which include having all key stakeholders and departments involved from the very beginning, to members of the Migration Team, School of Medicine leadership, and the Information Technology division for consideration in future implementations.	
2020040	7/22/2020	School of Nursing	The objectives of this audit were to evaluate the School's scholarship awarding process to ensure consistency and compliance with award requirements, and to determine if the School has implemented a control structure surrounding cash handling and contract management. While the School has implemented processes for awarding scholarships and managing contracts, there are opportunities to improve them. Scholarship awarding processes do not always ensure compliance with donor restrictions, many times because forms developed to assist in the process do not accurately reflect donor agreements. Additionally, the School's scholarship processes do not consider possible conflicts of interest, include non-verified financial need information, do not always ensure scholarships are accurately processed, and do not always include documentation of donor-approved deviations. With regard to contracts, some contracts renew automatically without a review by the School. Auditors also identified a number of cases where billing was not completed in accordance with contracts. Auditors were not able to audit cash handling because of closures due to COVID.	Incomplete/ongoing The contract management recommendation has been verified as implemented. The recommendation regarding scholarship processes is pending verification by the Office of Audit Services.
2020088	7/22/2020	Special Project in Student Affairs	Auditors conducted this audit after TTUHSC management brought forward concerns about the financial activities of a former employee. Auditors reviewed purchases from a specific vendor and processes for managing student organization funds as the former employee was highly involved in these activities.	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Because of the convoluted documentation trail related to this vendor, caused by the former employee instructing the vendor to alter various elements of invoices, auditors were not able to conclude whether the former employee committed fraud. The vendor is not suspected of fraudulent activity.</p> <p>With regard to student organization financial activities, all student organizations' funds were commingled within one account in TTUHSC's financial system. An external application used by Student Affairs to delineate each organization's funds did not reconcile with Banner, as many revenue and expenditure transactions were not recorded in the application. Management has taken steps to update the related processes and has allocated \$321,000 to provide student organizations with the respective amounts of funds originally presented to them by previous Student Affairs management. We agree with the actions taken and additional proposed changes, and have no additional recommendations.</p>	
2020029a	7/23/2020	Office of the Registrar	<p>The objective of this audit was to determine if the Office of the Registrar (Office) has implemented internal controls surrounding grade changes, degree awarding, and enrollment reporting processes. The Office has implemented certain internal controls for the grade change process; however, documentation does not always support grade changes. The Office has also implemented a structured approach to submit timely enrollment reports to the National Student Loan Data System. However, auditors identified opportunities to strengthen internal controls by minimizing elements of manual data entry, documenting reporting procedures, and improving the reliability of source data. Finally, the Office has implemented internal controls surrounding degree awarding. Course requirements within Degree Works agree with program requirements, and degrees were awarded in accordance with program requirements. However, auditors identified several incomplete degree plans within Degree Works, resulting in</p>	<p>Incomplete/ongoing</p> <p>The grade change recommendation has been implemented. Based on implementation dates provided by management, it is not yet time to follow up on the enrollment reporting and Degree Works recommendations.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			manual review of graduation eligibility. Auditors also identified opportunities to strengthen change management controls within the Degree Works application.	

Audits Completed

Texas Tech University Health Sciences Center El Paso

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2019042e	9/12/2019	MPIP Clinical Department Cash Controls	Audits of cash controls at four Texas Tech University Health Sciences Center El Paso clinical departments were completed and reported in separate audit reports to the respective clinical department chair during fiscal year 2019. However, during the audits, we noted systemic issues that should be addressed by the Medical Practice Income Plan (MPIP) Business Office as the Business Office provides oversight for practice plan cash collections and deposits. The MPIP Business Office has implemented several controls over the clinical department cash handling process, including the development of a Phreesia training guide and an application to track expected deposits. However, there are systemic weaknesses related to timeliness of deposits, transfer of accountability for funds, guidance in the Phreesia training guide, and outdated MPIP cash handling policies.	Implemented
2019031	11/18/2019	Information Technology Network Security	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objectives were to evaluate controls to secure and protect TTUHSC El Paso's underlying network infrastructure and to evaluate the patch management program for servers and network devices. The IT Division has implemented a variety of technology and security controls to secure and protect the underlying network infrastructure and institutional information resources. The controls in place generally follow widely accepted security control standards as well as Texas Administrative Code (TAC) Chapter 202 security control standards. Additionally, administrative access to network devices is appropriately limited to members of the IT Division. Management has also implemented an effective patch management process for institutional servers, focused on identifying critical server vulnerabilities and prioritizing remediation based on risk. Still, certain critical security</p>	<p>Incomplete/ongoing</p> <p>Three recommendations have been implemented. A number of recommendations are still outstanding. The Office of Audit Services continues to engage with management on these recommendations.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			controls and procedures are missing, jeopardizing the security posture of TTUHSC El Paso and increasing the risk of unauthorized access and data exfiltration, unidentified security incidents or data breaches, and exploitable vulnerabilities.	
2019089	11/18/2019	Department of Neurology	The audit objectives were to evaluate the internal controls surrounding cash handling processes, evaluate the billing process to ensure services provided by the Neurology providers are billed, and review the contract monitoring process to ensure compliance with contract terms. The Department has implemented certain controls to help ensure proper segregation of duties in the cash handling process and accurate collection of copayments. Additionally, coding and billing staff have the hospital portal access to patient medical records necessary for billing of services provided. However, we identified weaknesses related to transfer of accountability for funds, dual custody cash counts, void access, internal cash handling policies and procedures, and periodic reports from hospitals.	Incomplete/ongoing Recommendations involving cash handling have been verified as implemented. The one remaining recommendation regarding external reports has a revised implementation date of the end of October 2020.
2020077	12/6/2019	Chief Health Informatics Officer Travel Reimbursements	This audit was performed at the president's request after auditors confirmed the former Chief Health Informatics Officer (CHIO) submitted a fraudulent travel reimbursement request. Based on a review of supporting documentation, emails, and online research for all previous travel reimbursements for the CHIO, auditors confirmed that the former CHIO received \$2,478 in excessive travel reimbursements and inappropriately accepted conference fee reimbursements from a vendor totaling \$2,250. No additional disciplinary action was taken for this incident as the CHIO had previously submitted his resignation in lieu of termination from his CHIO position as of May 24, 2019, and from his Internal Medicine faculty position as of September 30, 2019.	Incomplete/ongoing A recommendation to the President and Payment Services regarding travel reimbursements has been implemented. It is not yet time to follow up on a second recommendation regarding conference fee reimbursements.
2019088	12/19/2019	Office of Sponsored Programs	With a focus on processes related to compliance, auditors reviewed the grant life cycle, conflict of interest disclosures,	Incomplete/ongoing

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			vendor participation in grant proposal development, review and approvals through the Office of Sponsored Programs (OSP), and training. The OSP has implemented certain processes over the grant life cycle to help ensure compliance with policies, laws, and regulations, such as the review of conflict of interest disclosures. However, auditors identified weaknesses related to consistency of sponsored project management, vendor participation in grant proposal development, and training programs. There is also not a clear delineation of responsibilities over sponsored projects, and some projects were inappropriately submitted to external parties by TTUHSC EP Institutional Advancement (IA) rather than OSP. OSP has worked with IA and other offices to clarify responsibilities and develop a centralized process for handling projects.	Recommendations related to OSP staff training and vendor participation have been verified as implemented. Follow-up has occurred on the remaining recommendations regarding sponsored project management and faculty and staff training, and additional time is necessary for implementation. As such, implementation dates have been revised to the end of June 2021 and December 2021, respectively.
2020017b	12/20/2019	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 El Paso complied with Coordinating Board guidelines related to the grants. Total fiscal year 2019 expenditures were \$161,979. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC El Paso's financial system.	No recommendations to implement.
2019082	4/24/2020	Medical Services Agreement Billing Review	TTUHSC El Paso and University Medical Center (UMC) maintain a Medical Services Agreement (Agreement), last renewed April 1, 2014, to facilitate the provider service partnership. For certain Program Enhancement provider positions, the Agreement requires TTUHSC El Paso to deduct percentages of provider collections from salary amounts. TTUHSC El Paso is responsible for employing these positions and subsequently billing UMC for salaries and collections in accordance with the Agreement. UMC pays the invoices to	Incomplete/ongoing Follow-up has occurred and implementation is in progress.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>TTUHSC El Paso in return for services stated in the Agreement. The objective of the audit was to determine the accuracy of amounts billed to UMC and to evaluate controls over the billing process. The scope of the audit included invoices submitted to UMC for Program Enhancement salaries and collections for Ob/Gyn, Neurology, and Orthopaedics from April 1, 2014 through October 31, 2019.</p> <p>TTUHSC El Paso has not implemented a control structure to ensure compliance with the Agreement related to billing. Consequently, TTUHSC El Paso over-billed UMC a net amount of \$1,500,864 for services during the time period audited. Specifically, Ob/Gyn and Neurology overbilled by \$1,372,664 and \$936,100, respectively, while Orthopaedics underbilled by \$807,900. All three departments inaccurately considered collections for all months; all three departments inaccurately billed salaries for periods of 3 to 13 months; and Orthopaedics billed for recruitment, retention, and startup expenses not reflected in the Agreement. Only one clinical department includes a review component in their template creation process. Two clinical department administrators indicated most variances were based on verbal agreements or directives from TTUHSC El Paso's former Vice President for Operations or from UMC. Additionally, clinical departments lacked awareness of contractual requirements and applied inconsistent methodologies for prorating salaries.</p> <p>Management intends to collaborate with UMC to develop a formal resolution to the billing inaccuracies. Additionally, management will develop a standardized process to ensure accurate billing that includes educating departments on contract management responsibilities, developing a consistent billing methodology, and outlining a process to formalize any contract modifications with UMC prior to implementing billing changes.</p>	

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020018	4/27/2020	Willed Body Program	<p>The Willed Body Program (Program) at TTUHSC El Paso's Paul L. Foster School of Medicine was established in 2014. The Anatomical Board of the State of Texas requires a compliance audit of the Program every five years. Since its establishment, over 150 bodies have been donated directly to the Program. The Program provides bodies for use at TTUHSC El Paso and to local universities who do not have their own willed body program. The Program at TTUHSC El Paso has implemented certain controls over the following areas to ensure compliance with Anatomical Board requirements: facilities, inventory, revenues and expenditures, reports, oversight, disposals, and access. However, auditors identified weaknesses related to embalming procedures, identification badge access, key access, and expense allocation.</p>	<p>Incomplete/ongoing</p> <p>The expense allocation recommendation has been verified as implemented. The remaining three recommendations are in progress.</p>
2020035d	5/5/2020	Clery Act Reporting Processes	<p>Each institution within the Texas Tech University System is individually responsible for complying with the Clery Act's requirements. We audited certain Clery Act reporting processes at all four institutions within the Texas Tech University System. The scope of this audit focused on the content and distribution of the Annual Security Report (ASR); processes for compiling Clery statistics; and processes for identifying non-campus Clery geography associated with student organizations, student housing, and study abroad.</p> <p>Given the importance of Clery Act compliance, System-wide oversight, coordination, and support will be vested in a new Clery Compliance Coordinator position. Still, the Clery Act is too broad and complex to vest responsibility for overseeing compliance in any one individual or department. As a result, we recommended each institution establish an institutional Clery Act compliance committee to coordinate and oversee institutional compliance efforts, including defining and formally documenting Clery Act compliance responsibilities, policies, and procedures; developing open lines of communication and collaboration for compilation of Clery</p>	<p>Incomplete/ongoing</p> <p>The recommendation related to the Annual Security Report's content and distribution is pending verification by the Office of Audit Services. The remaining recommendations are in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>crime statistics; and assessing and coordinating institutional Clery Act training needs. We also recommended each institutional Clery Act compliance committee develop annual processes to obtain and assess necessary information to identify non-campus Clery geography associated with student organizations, student housing, and study abroad. Finally, we recommended the institutional Clery Act compliance committees develop processes to ensure the ASRs include all required policy statements and ensure all prospective students and employees are notified of the availability of the ASRs as required.</p> <p>Additional risk areas not addressed by this audit, which should be addressed by institutional management, include:</p> <ul style="list-style-type: none"> • Campus Security Authority identification, notification, and training • Real-time reporting of sex offense reports to the police department for assessment of timely warning notifications • Formal assignment of responsibility for identifying and maintaining Clery geography • Crime log requirements for inclusion of current disposition of crime reports 	
2019087	6/4/2020	Heating, Ventilation, and Air Conditioning (HVAC) Vendor Contract Review	<p>During a previous audit of TTUHSC El Paso's Physical Plant, auditors took note of an increased risk of fraud related to two heating, ventilation, and air conditioning (HVAC) vendors. Red flags included a family relationship between the vendors, a possible close relationship between the vendors and the former Physical Plant managing director, narrow specifications in the Request for Proposal, a significant increase in charges, a lack of detail in invoices, and one vendor's statement that TTUHSC El Paso was their only customer.</p> <p>Auditors could not conclude on intent to commit fraud by either vendor based on available evidence. Auditors were</p>	<p>Incomplete/ongoing</p> <p>The recommendation regarding invoice review has been verified as implemented. The remaining recommendation regarding service obligation review is in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			unable to determine if the vendors fulfilled their pricing obligations in accordance with the pricing schedule in their respective agreements because of the vendors' poor recordkeeping and lack of detailed invoicing. HVAC CSI fulfilled its service obligations with the exception of systems training and software patches and upgrades. As the other vendor last provided service in 2017 and current management was not aware of monitoring mechanisms in place at the time, auditors were not able to validate its service obligations. While Physical Plant management had implemented certain contract compliance monitoring processes to verify labor hours and completion of services, auditors identified process weaknesses related to labor rates, response times, service visit hours, and fume hood verification. Management has begun implementation of recommended process improvements, which include requiring the vendor to obtain preapproval before performing work and to provide detailed invoices.	
2020041a	6/23/2020	Office of the Vice President for Research Laboratory Safety	The objective of this audit was to evaluate research safety processes at TTUHSC El Paso to determine if access to laboratories is appropriately limited; required safety training is completed and tracked; laboratory inspections are conducted in accordance with policy; and controls surrounding chemical inventory are functioning as intended. Overall, the Office of the Vice President for Research and/or Safety Services have implemented certain controls over laboratory access, safety training, inspections, and chemical inventory. However, we identified instances of inaccurate or unauthorized laboratory access as well as safety training, inspections, and chemical inventories that have not been completed in accordance with institutional policies. Management agreed with recommendations related to authorization of lab access, safety training, safety inspections, and hazardous and chemical inventories.	Incomplete/ongoing The recommendations related to laboratory access and inspection deficiencies have been verified as implemented. The remaining recommendations are in progress, with implementation dates in December 2020 and January 2021.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020041b	7/16/2020	Research Laboratory Access Management	During the Research Laboratory Safety audit, auditors learned that the Office of the Vice President for Research (OVPR) only manages access to research laboratories located in the Medical Science Building (MSB) I and MSB Annex. In addition to these, there are research laboratories located in the Medical Education Building, the Academic Education Center, and the new MSB II building that will be completed soon. Research in these laboratories is being conducted by faculty that do not have a reporting line to the OVPR. Rather, various clinical department heads oversee research laboratory access in the MEB and AEC. Management agreed there is a need to limit access to all research labs and plans to centralize monitoring of access to the OVPR. Directors of research labs will be required to routinely submit lab access reports to OVPR and include justification for each person who has access to the labs. Questionable access will be reported to the president's office.	Incomplete/ongoing Follow-up has occurred on this recommendation, and the implementation date was revised to the end of December 2020. This recommendation is in progress.

Audits Completed

Angelo State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2019047	9/20/2019	Housing and Residential Programs	The objectives of this audit were to evaluate policies, procedures, and internal controls related to housing and meal plan waivers, procurement cards, and budgeting processes for projecting annual revenues and expenses. Housing and meal plan waivers are provided to qualified students based on their financial situations and circumstances. Historically, approved waivers were not properly documented or reflected on the students' bills. Effective for the fall 2019 semester, Angelo State University implemented a new process for granting housing and meal plan waivers; however, the process lacks certain critical internal controls. In addition, there are opportunities to provide additional data in the budget process for decision-making purposes and to address compromised segregation of duties within the procurement card process.	Incomplete/ongoing Recommendations related to the budget process and procurement card processes have been implemented. Follow-up has occurred on the recommendations regarding housing and meal plan waiver criteria and processes. These recommendation are still in progress.
2020019	1/14/2020	Intercollegiate Athletics Agreed-Upon Procedures	Oliver, Rainey and Wojtek, LLP, an independent CPA firm, performed agreed-upon procedures required every three years by the NCAA. For the year ended August 31, 2019, 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.
2020045a	3/17/2020	Payroll Security and Processes	<u>This report was issued as confidential and is excepted from public disclosure.</u> The objectives of this audit were to evaluate controls around the manual entry of payroll and benefits data; evaluate whether a critical reconciliation provides reasonable assurance that system calculations are complete and accurate; and determine if access to select high-risk Banner forms utilized in the payroll process is reasonable, appropriately limited, and fosters segregation of duties. Payroll Services has implemented effective controls around manual data entry. Payroll Services'	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			employees review each other's data entry for accuracy prior to initiating the payroll process. Additionally, the gross to net distribution reconciliation, performed during and after the payroll process, provides reasonable assurance of the accuracy and completeness of each payroll calculation. However, Payroll Services' annual review of access to the Banner Enterprise Suite is not consistent nor effective to ensure access is appropriately limited in accordance with the principle of least privilege. Payroll Services management has opportunities to expand annual access reviews and limit access to only those with a justified business need.	
2020045b	3/17/2020	Information Technology Access to Banner Forms and Processes	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>During the Payroll Security and Processes audit, auditors identified Information Technology (IT) personnel with extensive modify access within the Banner Enterprise Suite. IT management agrees with recommendations to implement periodic access reviews and additional procedures to ensure access is granted to IT employees only when needed.</p>	Implemented
2020035e	5/1/2020	Clery Act Reporting Processes	<p>Each institution within the Texas Tech University System is individually responsible for complying with the Clery Act's requirements. We audited certain Clery Act reporting processes at all four institutions within the Texas Tech University System. The scope of this audit focused on the content and distribution of the Annual Security Report (ASR); processes for compiling Clery statistics; and processes for identifying non-campus Clery geography associated with student organizations, student housing, and study abroad.</p> <p>Given the importance of Clery Act compliance, System-wide oversight, coordination, and support will be vested in a new Clery Compliance Coordinator position. Still, the Clery Act is too broad and complex to vest responsibility for overseeing compliance in any one individual or department. As a result,</p>	<p>Incomplete/ongoing</p> <p>The recommendation related to the Annual Security Report's content and distribution is pending verification by the Office of Audit Services. The remaining recommendations are in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>we recommended each institution establish an institutional Clery Act compliance committee to coordinate and oversee institutional compliance efforts, including defining and formally documenting Clery Act compliance responsibilities, policies, and procedures; developing open lines of communication and collaboration for compilation of Clery crime statistics; and assessing and coordinating institutional Clery Act training needs. We also recommended each institutional Clery Act compliance committee develop annual processes to obtain and assess necessary information to identify non-campus Clery geography associated with student organizations, student housing, and study abroad. Finally, we recommended the institutional Clery Act compliance committees develop processes to ensure the ASRs include all required policy statements and ensure all prospective students and employees are notified of the availability of the ASRs as required.</p> <p>Additional risk areas not addressed by this audit, which should be addressed by institutional management, include:</p> <ul style="list-style-type: none"> • Campus Security Authority identification, notification, and training • Real-time reporting of sex offense reports to the police department for assessment of timely warning notifications • Formal assignment of responsibility for identifying and maintaining Clery geography • Crime log requirements for inclusion of current disposition of crime reports 	
2020022	5/6/2020	ASU Foundation, Inc. 2019 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, 2019. 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,	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			the auditors did not note internal control or other deficiencies during the audit, and therefore did not issue a management letter.	
2019056	5/18/2020	Chrome River Travel System Post-Implementation Review	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The implementation of the new Chrome River Travel system at ASU achieved the desired automation and process improvements. Throughout implementation, ASU reviewed and revised travel policies to reflect the automation and compliance requirements that were built into Chrome River. System functionality was tested at each stage of the project and training materials were developed for end users. A survey of end users confirmed training and the related materials prepared end users for using the application, and that process improvements were realized. Internal controls were also designed into the automated processes through business rules addressing approval routing and compliance with state and university policies.</p> <p>While implementation of Chrome River Travel is viewed as successful, auditors noted several issues with how the project was carried out. Specifically, the original contract for Chrome River did not address data security for the cloud-based system, documentation of testing activities is inconsistent and/or unavailable, certain critical travel processes and business rules are not fully documented or up-to-date, select compliance rules are not functioning as intended, and cardholder data is not adequately protected.</p>	<p>Incomplete/ongoing</p> <p>Recommendations surrounding the Chrome River contract, documentation of testing activities, and review and management of business rules have been implemented. The remaining recommendations are pending verification by the Office of Audit Services.</p>
2020021	7/20/2020	Carr Scholarship Foundation 2019 Financial Statements	The independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, performed the annual audit of the Angelo State University Carr Scholarship Foundation for the year ended August 31, 2019. 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	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Board. Finally, the auditors did not note internal control or other deficiencies during the audit, and therefore did not issue a management letter.	
2020034	7/24/2020	Student Financial Aid	<p>The audit objectives were to evaluate compliance with federal and state financial aid regulations for the 2018-2019 aid year for U.S. Title IV financial aid programs and the Texas Grant program. Auditors also evaluated monthly reconciliation procedures related to financial aid programs and annual fiscal reporting and determined whether student financial aid information is handled in compliance with the provisions of the Gramm-Leach-Bliley Act Safeguard Rule.</p> <p>Angelo State University, through Financial Aid's management of financial aid programs, generally complies with the eligibility requirements of the Texas Grant Program and the U.S. Federal Supplemental Educational Opportunity Grant and Federal Work Study programs. Financial Aid also complies with the verification requirements outlined in the Federal Student Aid (FSA) Handbook, and verification requirements are completed prior to disbursement. The University complies with the provisions of the Gramm-Leach-Bliley Act Safeguard Rule and has established appropriate safeguards to reasonably protect University data and information, including student financial aid information.</p> <p>However, Financial Aid has several opportunities to improve key internal controls over other financial aid activities. Through the use of data analytics, auditors tested over 7,400 student financial aid records for the 2018-2019 aid year for eligibility and disbursement compliance. Non-compliance was identified specific to disbursing Title IV aid to ineligible students based on enrollment status, returning Title IV funds accurately and timely, and applying satisfactory academic progress rules consistently. Additionally, errors in calculations</p>	<p>Incomplete/ongoing</p> <p>Based on implementation dates provided by management, it is not yet time to follow up on these recommendations.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			of Title IV funds required to be returned after students withdrew from the University resulted in not returning the correct amount to the Department of Education. Finally, auditors noted internal control weaknesses specific to written internal policies and procedures, monthly reconciliations, annual reporting procedures, and Banner access. Management began implementing corrective actions during the audit and agrees with the additional recommendations.	

Consulting Engagements Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2019034	10/18/2019	Security Camera Policies	<p>The objective of this consulting engagement was to evaluate Texas Tech University System (TTUS) institutions' security camera policies for inclusion of leading practices and to determine if standardized processes for procurement, installation, ownership, maintenance, and access to data have been defined. The methodology included reviewing existing security camera policies at each institution and comparing those policies to a sample of policies from other universities, health facilities, and government entities, noting leading practices.</p> <p>Of TTUS institutions, only Angelo State University has a published policy on security camera systems. Texas Tech University (TTU) has a draft operating policy that has not yet been published, and neither Texas Tech University Health Sciences Center (TTUHSC) nor Texas Tech University Health Sciences Center El Paso (TTUHSC El Paso) has a specific or comprehensive operating policy on security camera systems and processes. Historically, processes for the purchase, installation, and maintenance of security camera systems have been decentralized, particularly at TTU and TTUHSC. The goal of the recent operating policies published or drafted is to bring the appropriate parties together to define and outline standard procedures related to security camera systems. Appropriate parties at each institution include personnel from senior leadership, the police department, information technology division, operations division, compliance office, and general counsel. This report includes a summary of desirable elements of security camera policies and a tabular comparison of whether drafted or existing policies within TTUS institutions include these elements.</p>	Recommendations were made to management; however, a response was not required for this management advisory engagement.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2019035	11/8/2019	Office of Institutional Advancement – Red Raider Club	<p>The Texas Tech University System Office of Institutional Advancement is responsible for soliciting, coordinating, approving, and reporting all of Texas Tech University System’s fundraising efforts from the private sector. Texas Tech Foundation, Inc. (Foundation) is a 501(c)(3) nonprofit organization founded to function as a legal conduit for acceptance, investment, and distribution of private gifts given for the funding of activities and programs related directly to the mission, role, and scope of the Texas Tech University System. The Red Raider Club, a component of the Foundation, solicits gifts specifically on behalf of TTU Intercollegiate Athletics. The Athletics Business Office receives and processes athletic related revenue, including some charitable gifts.</p> <p>The objective of this engagement was to evaluate processes for identifying and recording Athletics related gifts. Athletics has several processes in place to identify and route charitable gifts to Institutional Advancement or the Athletics Business Office for deposit and recording. However, we identified opportunities to strengthen gift depositing and recording processes in order to foster greater financial independence between the University and the Foundation; accurately deposit and record premium seat contributions and miscellaneous event revenues; and ensure Institutional Advancement is notified of gift reclassifications processed by the Athletics Business Office.</p>	Recommendations were made to management; however, a response was not required for this management advisory engagement.
2020024	4/29/2020	Endowment Spending Accounts	Texas Tech University System Regulations state that an endowment is considered potentially underutilized if the spending account is greater than \$1,000 <u>and</u> includes two years’ worth of distributions (i.e., earnings). From January 31, 2019, to January 31, 2020, the total spending accounts of potential underutilized endowments at Texas Tech University increased by 18% to \$33.3 million. Scholarship endowments incurred the largest percentage growth of any endowment type,	Recommendations were made to management; however, a response was not required for this management advisory engagement.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>increasing 22% to \$9.4 million across 455 endowments. This engagement, which was requested by the president, was originally scheduled as an audit, but was changed to a management advisory engagement after initial meetings with stakeholders. The objective of this engagement was to identify leading practices for managing scholarship endowment spending accounts at the University.</p> <p>Auditors noted several leading practices for managing scholarship endowment spending accounts at the University. Not surprisingly, the colleges and divisions (units) that have embedded strong accountability and structure into their scholarship management programs, including clear internal timelines, have the best track records of utilizing funds in their scholarship endowment spending accounts. Another leading practice is developing processes in anticipation of unaccepted awards, such as implementing multiple rounds of scholarship offers or offering more in scholarships than budgeted to award. Finally, units can more effectively use their scholarship endowment spending power by projecting earnings distributions for the remainder of the fiscal year when budgeting.</p> <p>Auditors also identified some challenges in utilizing scholarship endowment spending accounts, including students not accepting awards timely, difficulty matching students to scholarship criteria, lack of training for those overseeing scholarships, and obstacles to awarding practical scholarships from small endowments.</p> <p>The University responded that a working group has been formed to streamline processes and assess various solutions involving many aspects of scholarship awarding, utilization, data integration, and coordination. The initial focus of the committee will be to develop a central database of scholarships to facilitate “real-time” information availability and to update</p>	

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			scholarship award procedures and deadlines, ensuring appropriate communication between the Office of Student Financial Aid and the academic colleges and departments.	

Contracting Audits Completed

Senate Bill 65 (86th Legislature, Regular Session) requires the State Auditor's Office to assign a level of contract monitoring to each of the 25 largest state agencies in a state fiscal year as determined by the Legislative Budget Board. The rating is based on a variety of factors, including the results of audits of an applicable agency's contracts and contract processes and controls conducted by the agency's internal auditors. To assist in performing this function, the State Auditor's Office has requested the 25 state agencies identify each audit report related to agency contracts and contract processes and controls completed in the last five fiscal years (2016-2020).

Of the Texas Tech University System institutions, Texas Tech University is included in the 25 largest state agencies. The table below lists audit engagements related to contracts and contract processes and controls completed in the last five fiscal years for Texas Tech University.

Texas Tech University

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2020	2019036	9/20/2019	College of Education	Incomplete/ongoing – The last outstanding recommendation, regarding contract management, is pending verification by the Office of Audit Services.
2020	2019050	10/29/2019	Costa Rica Campus	Incomplete/ongoing – A contract amendment that will address payment timeliness is in progress.
2020	2019022a	12/6/2019	Office of Investments	Incomplete/ongoing – The last outstanding recommendation, regarding conflict of interest disclosures, is pending verification by the Office of Audit Services.
2020	N/A	1/21/2020	TTUS Closeout Construction Costs – TTU Experimental Sciences Building II	Implemented
2020	N/A	5/6/2020	TTUS Closeout Construction Costs – TTU College of Visual and Performing Arts Maedgen Theatre Addition	Incomplete/ongoing – the final pay application, which will demonstrate final reconciliation

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
				of the remaining allowance budgets, is expected soon. All other recommendations have been implemented.
2020	2020048	7/6/2020	University Interscholastic League Office	Incomplete/ongoing – Pending verification by the Office of Audit Services.
2020	2020004	7/23/2020	Contracting and Procurement Processes	Incomplete/ongoing – As this engagement is required annually, the Office of Audit Services will follow up on this recommendation during the fiscal year 2021 engagement.
2020	2020074	7/23/2020	Texas Tech Equestrian Center Special	Incomplete/ongoing – Pending verification by the Office of Audit Services.
2020	2020036	7/24/2020	Transportation & Parking Services	Incomplete/ongoing – It is not yet time to follow up on the vendor management program recommendation.
2019	2019021	1/8/2019	Lubbock Power and Light Power Purchase Agreement	No recommendations to implement.
2019	N/A	5/28/2019	Construction Project Expenses – TTU Sports Performance Center	Implemented – Auditors verified credit was received for unallowable costs.
2019	2019004	7/29/2019	Contracting and Procurement Processes	Incomplete/ongoing – Contracting training recommendations for TTU/TTUS, TTUHSC, and TTUHSC El Paso have been implemented. The contract

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
				training recommendation for ASU remains outstanding.
2018	N/A	12/2017	Contractor Selection Process Review: TTU Maedgen Theatre	Implemented
2018	N/A	1/9/2018	Construction Project Expenses – TTU Honors Residence Hall	No recommendations to implement.
2018	2018004	7/27/2018	Contracting and Procurement Processes	Implemented
2018	2017074	2/13/2018	Texas Manufacturing Assistance Center – West Texas	Implemented
2018	2017074b	4/6/2018	Texas Manufacturing Assistance Center – West Texas Travel Reimbursements	Implemented
2017	N/A	2/23/2017	Construction Project Expenses – TTU Maddox Engineering and Research Center	Implemented – Auditors verified credit was received for unallowable costs.
2017	N/A	7/12/2017	Construction Project Expenses – TTU Rawls College of Business Addition	Implemented – Auditors verified credit was received for unallowable costs.
2017	2017004	7/27/2017	Contracting and Procurement Policies	No recommendations to implement.
2017	2017071	6/20/2017	Rawls College of Business Vendor Special Review	Implemented
2017	2017073	6/22/2017	Athletics Game Day Merchandising Contract	Implemented
2016	N/A	2/4/2016	Construction Project Expenses – TTU Human Sciences Life Safety Upgrade	Implemented – FP&C verified credit was received for unallowable costs.

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2016	2015050	2/29/2016	Construction Project Expenses – TTU Bayer CropScience Research Facility & Greenhouse	Implemented – Auditors verified credit was received for unallowable costs.
2016	2015036	3/7/2016	Construction Project Expenses – TTU Research & Technology Park Phase I	Implemented – Auditors verified credit was received for unallowable costs.
2016	2016004	8/4/2016	Contracting and Procurement Policies	No recommendations to implement.
2016	2015081b	8/21/2015	Contract Renewal Processes	Implemented
2016	2015081a	9/11/2015	Ovations Contract Compliance	Implemented
2016	2016022	1/29/2016	Intercollegiate Athletics: Learfield Sports Marketing Contract	Implemented

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

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

Other Value-Added Activities

<i>Service to Texas Tech University System and Component Institutions</i>	
Activity	Impact
Participated in the TTUSA Values Culture Retreat and serve as Values Culture Ambassadors, Communications Team Leader, and Executive Sponsor	Contributed to the identification and establishment of a set of shared values and act as leaders to uphold our values and move our culture forward
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 Systems Work Group, which provides information on the design, implementation, maintenance, and support of enterprise information systems shared across the Texas Tech University System	Contributed to Texas Tech University System's efforts to enhance services to students, faculty, and staff
Serve as a proctor in the TTUS Facilities Planning & Construction contractor selection process	Strengthened the integrity of the selection committee process
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 and Risk Committee	Contributed to the oversight of the TTUHSC Institutional Compliance Program and provided guidance to the Institutional Compliance Officer
Served on the TTUHSC Clery Compliance Committee	Contributed to the oversight and coordination of TTUHSC's Clery Act compliance efforts
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

Other Value-Added Activities

Served on the TTUHSC El Paso IT Collaboration Software Taskforce	Contributed to the selection of a new web/video conferencing software for TTUHSC El Paso
Participated in implementation meetings for a new travel and expense system at TTUS	Contributed to the implementation team's oversight of implementation of the new travel and expense system for TTU, TTUHSC, and TTUHSC El Paso
Participated in implementation meetings for new travel and expense systems 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
Mentored students in the TTU Rawls College of Business Executive Mentor program	Contributed to TTU's efforts to forge meaningful relationships between students and professionals

Service to the Profession of Internal Audit

Activity	Impact
Served as committee chairperson, committee members, faculty, and mentors for the Association of College & University Auditors (ACUA)	Contributed to the profession of internal auditing and strengthened knowledge base
Served as board member for the Texas Association of College & University Auditors (TACUA)	Contributed to the profession of internal auditing and strengthened knowledge base
Served as Treasurer and Director of the South Plains Chapter of TXCPA	Contributed to the accounting profession and strengthened knowledge base
Served as the Secretary, Membership Officer, Certification Officer, and Website Administrator 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

Other Value-Added Activities

Served as the Founding President and Vice President 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 President and Past-President 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 and TXCPA	Contributed to the profession of internal auditing and strengthened knowledge base
Attended IIA Leadership training	Strengthened professional commitments and knowledge base
Presented information on the internal audit profession to TTU accounting students	Increased students' understanding of the profession of internal auditing
Participated in external quality assurance review at Eastern New Mexico University	Strengthened professional commitments and knowledge base

Professional Service to the Community

Activity	Impact
Served as member of the Texas Tech Federal Credit Union Board of Directors	Reinforced community relationships and strengthened professional commitments and knowledge base
Served as member of the Covenant Health System Board of Directors	Reinforced community relationships and strengthened professional commitments and knowledge base

Annual Plan for Fiscal Year 2021

The annual audit plan for Texas Tech University System for the year ending August 31, 2021, was approved by the Audit Committee of the Board of Regents on August 7, 2020. 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 45 planned engagements included in the annual plan. The planned engagements include audits to address the various types of risks, including risks associated with COVID-related funding, state line item funding, contract management, and information technology.

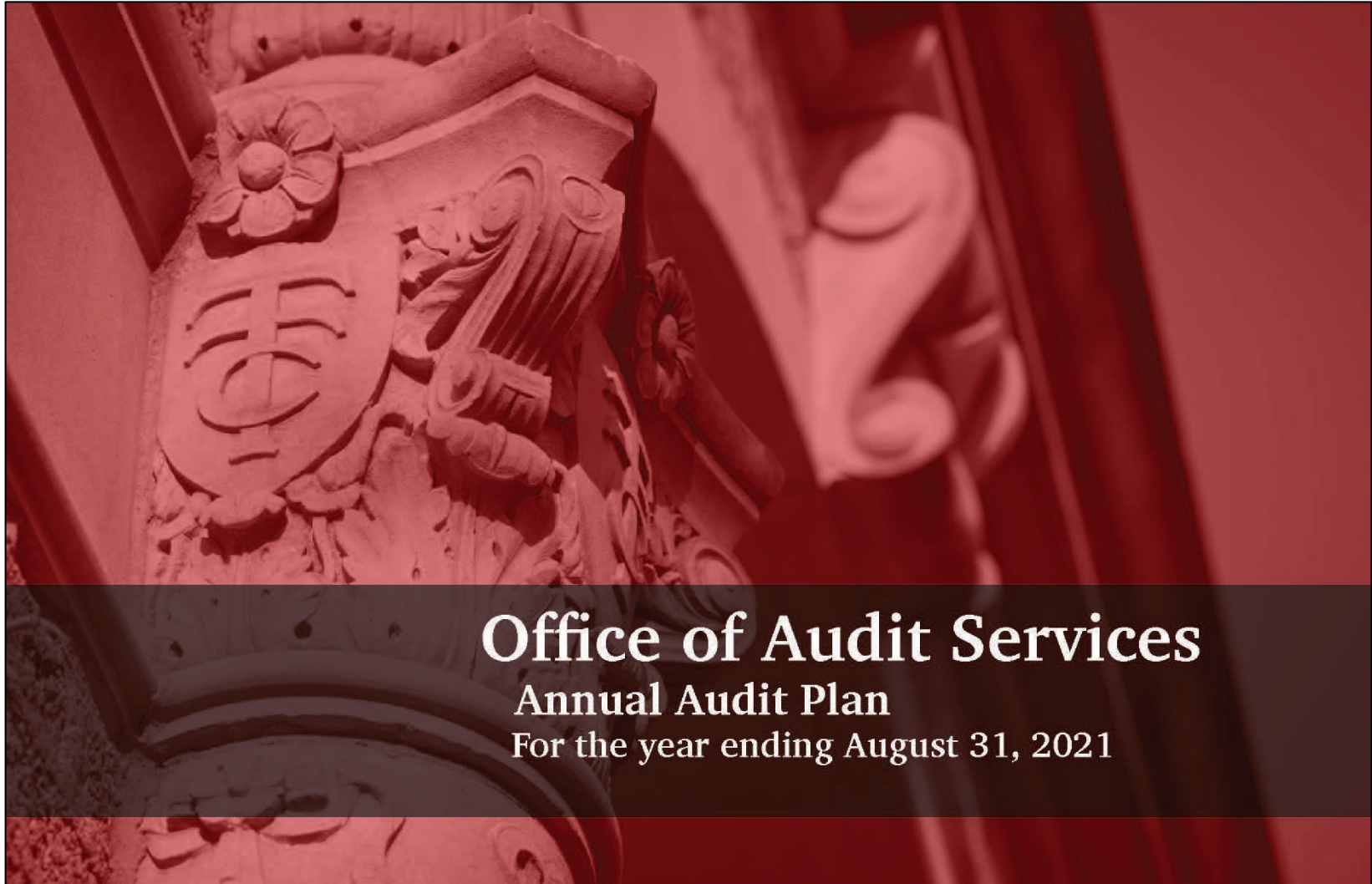
Rider 8, page III-48, the General Appropriations Act (86th Legislature) required higher education institutions to conduct an internal audit of benefits proportional by method of finance for fiscal years 2017 through 2019 using a methodology approved by the State Auditor's Office. Audits satisfying this requirement were completed in fiscal years 2018 and 2020. No additional audits related to benefits proportionality were required or included in the 2021 annual audit plan.

The following planned engagements address contract management and other requirements of Senate Bill 20 (84th Legislature): TTUS Contracting and Procurement Processes and TTUHSC Correctional Managed Health Care Contract.

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. Additionally, the Office of Audit Services has developed a framework to align its information technology risk assessment activities with TAC 202 standards. This framework, with the accompanying Security Control Standards Catalog, is being implemented by the IT Divisions across the Texas Tech University System's member institutions. Aligning Audit Services' internal information technology risk assessment with TAC 202 will eliminate potential duplication of effort and provide reasonable assurance that Audit Services is considering a wide breadth of information technology risks for each institution in developing the annual audit plan.

The annual audit plan for fiscal year 2021 is included on the following pages.

Annual Plan for Fiscal Year 2021



Annual Plan for Fiscal Year 2021

A decorative header image for the Table of Contents. It features a red-tinted photograph of classical architectural elements, including a large acanthus leaf capital and a carved figure, possibly a cherub or angel, in the background.

Table of Contents

Transmittal Letter	3
Mission Statement	4
Risk Assessment Process	4
Allocation of Time	6
Planned Engagements	7-11
Nature of Work	12-13
Audit Process	14-15
Quality Assurance Program	16
Performance Measures	17

Annual Plan for Fiscal Year 2021

August 7, 2020

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, 2021. The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled almost thirty percent of our time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work.

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

Sincerely,



Kimberly F. Turner, CPA
Chief Audit Executive

Approved by: Ronnie Hammonds August 7, 2020
Mr. Ronnie Hammonds

Annual Plan for Fiscal Year 2021



Formulation of the Annual Audit Plan

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.

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 have implemented 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,

Annual Plan for Fiscal Year 2021

(Risk Assessment Process continued)

Angelo State University, and Texas Tech University Health Sciences Center El Paso, provided risk information related to strategic goals and operational processes of the institutions.

The Office of Audit Services also provided input into the risk assessment process for the components of the Texas Tech University System 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.

Annual Plan for Fiscal Year 2021

Allocation of Time

Our staff consists of 16 audit professionals. After consideration of estimated time for staff meetings, continuing professional education, holidays, and annual leave, we determined our allocable chargeable time to be approximately 19,000 hours.

Of this time, approximately 1,700 hours will be dedicated to performing required audits, assisting external auditors, and completing other mandatory projects. Additionally, 2,100 audit hours are needed to complete engagements from the fiscal year 2020 annual audit plan that are in progress at year-end. We have set aside 31 percent of total chargeable time (approximately 5,900 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 9,300 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 8-12.

Annual Plan for Fiscal Year 2021

Planned Engagements

Texas Tech University

Information Technology Change Management Processes	IT/Operational
International Student Visa Processes	Operational/Compliance
Intercollegiate Athletics	Operational/Compliance
Payment Card Industry Data Security Standard Compliance	IT/Compliance
COVID-Related Funding	Financial/Compliance
Certified Cost Rehabilitation Report - Weeks Hall	Financial/Compliance
School of Veterinary Medicine State Line Item	Financial
College of Architecture Information Technology Resources	IT/Management Advisory
Texas Higher Education Coordinating Board Facilities Audit	Compliance
Athletics Financial Agreed-Upon Procedures	External Audit
Texas Tech Public Media Financial Statements	External Audit

Annual Plan for Fiscal Year 2021

Texas Tech University Health Sciences Center

Payment Card Industry Data Security Standard Compliance	IT/Compliance
International Student Visa Processes	Operational/Compliance
Amarillo Campus Departments	Financial/Operational
President's Office	Management Advisory
COVID-Related Funding	Financial/Compliance
Lubbock Department of Otolaryngology (ENT)	Operational/Financial
Correctional Managed Health Care Contract	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance

Annual Plan for Fiscal Year 2021

Texas Tech University Health Sciences Center El Paso

Student Financial Aid Program	External Audit
Information Technology Governance	IT/Governance
Dental EHR Project Implementation Review	IT/Controls
COVID-Related Funding	Financial/Compliance
Payment Card Industry Data Security Standard Compliance	IT/Compliance
Hunt School of Dental Medicine State Line Item	Financial
MPIP Business Office	Operational
Paul L. Foster School of Medicine Financial Review	Financial
Texas Higher Education Coordinating Board Residency Grants	Compliance

Annual Plan for Fiscal Year 2021

Angelo State University

Carr Foundation Financial Statements	External Audit
ASU Foundation, Inc. Financial Statements	External Audit
Office of Institutional Advancement	Management Advisory
Student Billing Processes	Operational/Compliance
COVID-Related Funding	Financial/Compliance
Internal Research Grant Financial Compliance	Compliance
President's Office	Management Advisory
Athletics Title IX Processes	Compliance/Management Advisory

Annual Plan for Fiscal Year 2021

Texas Tech University System & Components

CPRIT Grant Funds	External Audit
Contracting and Procurement Processes	Compliance
Texas Tech Foundation, Inc. Financial Statements	External Audit
Regents, Chancellor, & 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
Office of Audit Services Self-Assessment	Compliance
Office of Audit Services External Quality Assessment	Compliance
Multi-hazard Emergency Plan Safety and Security Audit	Compliance
Information Technology General Controls Review	IT Security/Controls
Construction Audits	External Audit
State Auditor's Office, THECB, and Comptroller's Office Projects	External Audit

Annual Plan for Fiscal Year 2021



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

Annual Plan for Fiscal Year 2021

(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
- 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

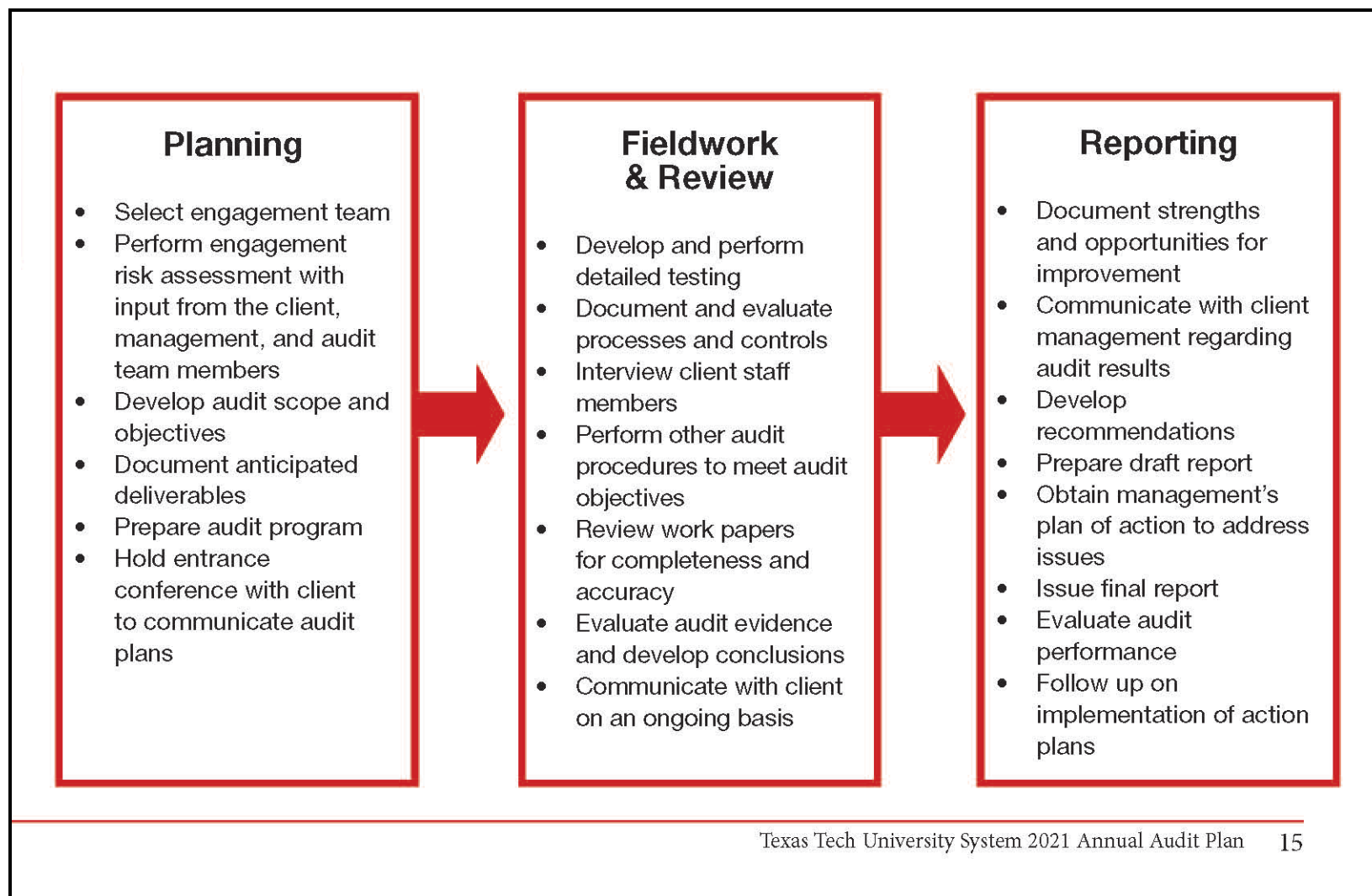
Annual Plan for Fiscal Year 2021



Audit Process

Audit and management advisory engagements are performed in three general phases: planning, fieldwork & review, and reporting. The illustration on the following page documents the procedures generally employed in the performance of an engagement.

Annual Plan for Fiscal Year 2021



Annual Plan for Fiscal Year 2021



Quality Assurance Program

The Office of Audit Services has instituted a broad internal and external quality assurance program as required by internal audit standards to ensure continuous improvement. We evaluate the quality of our services by:

- Completing a self-assessment questionnaire at the end of each engagement.
- Measuring performance against predetermined benchmarks that encourage excellence.
- Surveying 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 the office's operations to gauge compliance with internal audit standards.
- Participating in a periodic assessment by external peer review teams comprised of experienced higher education audit professionals.

Annual Plan for Fiscal Year 2021

Performance Measures

The staff members of the Office of Audit Services developed goals to encourage excellence and promote accountability. To measure the achievement of those goals, we developed a series of performance measures. Progress is analyzed quarterly related to 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.

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	Bolinger, Segars, Gilbert & Moss, 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 Experimental Sciences Building II	CBIZ
	TTU College of Visual and Performing Arts Maedgen Theatre Addition	CBIZ
	TTUHSC Lubbock Education, Research & Technology + West Expansion	CBIZ
	TTUHSC Permian Basin Academic Facility	CBIZ
Texas Tech University	Texas Tech Public Media Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Intercollegiate Athletics Agreed-Upon Procedures	Grant Thornton, LLP
Texas Tech University	Student Financial Aid Program	Baker Tilly Virchow Krause, LLP
Angelo State University	ASU Foundation, Inc. Financial Statement Audit	Armstrong, Backus & Co., LLP
Angelo State University	Robert G. Carr and Nona K. Carr Scholarship Foundation Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP

External Audit Services

Angelo State University

Intercollegiate Athletics
Agreed-Upon Procedures

Oliver, Rainey and Wojtek, LLP

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 (86th 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, www.ttu.edu, www.ttuhscc.edu, www.elpaso.ttuhscc.edu, and 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.