



TEXAS TECH UNIVERSITY SYSTEM™



Office of Audit Services

Annual Audit Report

For the Year Ended August 31, 2021

Kimberly F. Turner, CPA

Chief Audit Executive

October 29, 2021

Transmittal Letter

October 29, 2021

Mr. John Steinmetz
Chair, Board of Regents Audit Committee
Texas Tech University System

Dear Mr. Steinmetz:

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, 2021. 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, 2021, we issued 60 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 J. J. J.", is positioned below the word "Sincerely,".

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

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Compliance with Texas Government Code, Section 2102.015

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

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

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

Annual Plan for Fiscal Year 2021

The annual audit plan for Texas Tech University System for the year ended August 31, 2021, which is included in this report, was approved by the Audit Committee of the Board of Regents on August 7, 2020. There were 48 planned engagements included in the annual plan, and 4 engagements were added during the year.

Of the planned engagements, 35 were completed, 12 were in progress at year-end, 4 were carried forward to fiscal year 2022, and 1 was cancelled. The audits carried forward to the fiscal year 2022 annual plan were TTU Texas Higher Education Coordinating Board Facilities Audit, TTU Certified Cost Rehabilitation Report – Drane Hall, TTU Certified Cost Rehabilitation Report – Chemistry Building, and TTUHSC El Paso PCI DSS Compliance. The cancelled project was TTU College of Architecture Information Technology Resources.

The 12 planned audits that were in progress at year-end and their current status are as follows:

Texas Tech University System

Risk Management Assessment – Fieldwork

Texas Tech University

Intercollegiate Athletics – Complete

PCI DSS Compliance – Complete

Certified Cost Rehabilitation Report – Weeks Hall – Complete

Texas Tech University Health Sciences Center

Lubbock Department of Otolaryngology (ENT) – Complete

Amarillo Campus Departments – Fieldwork

PCI DSS Compliance – Draft Issued

Texas Tech University Health Sciences Center El Paso

MPIP Business Office – Reporting

Dental Clinic Business Processes – Fieldwork

Dental EHR Project Implementation Review – Fieldwork

Angelo State University

Athletics Title IX Processes – Reporting

Office of Institutional Advancement – Reporting

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

Annual Plan for Fiscal Year 2021

In addition to the planned engagements and other risk-based engagements included above, 11 planned projects in progress at September 1, 2020, were completed during the year. Our office began 3 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. All of these engagements were completed prior to August 31, 2021.

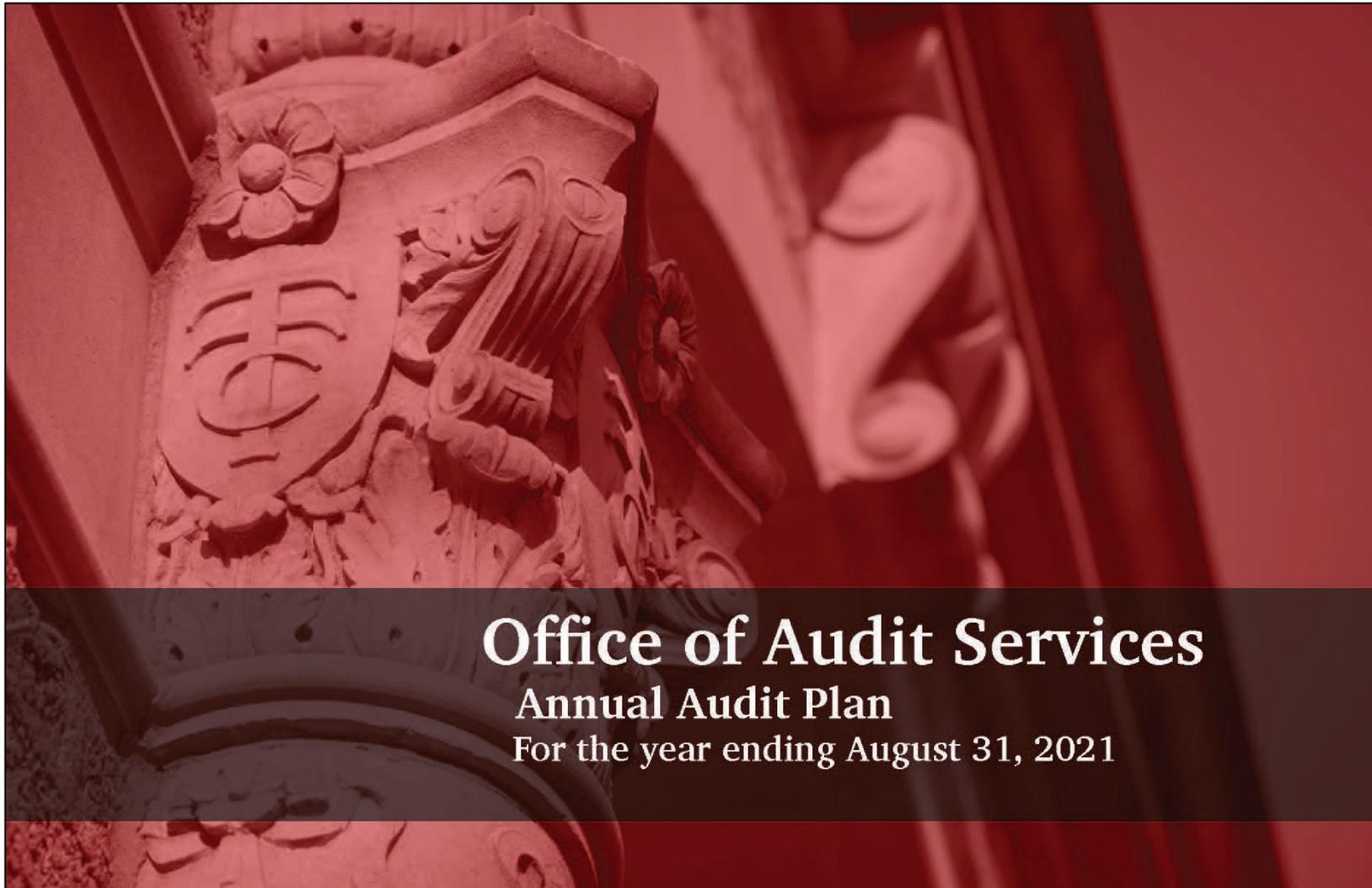
Rider 8, page III-48, the General Appropriations Act (86th Legislature) required higher education institutions to conduct an internal audit of benefits proportional by method of finance for fiscal years 2017 through 2019 using a methodology approved by the State Auditor's Office. Audits satisfying this 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.

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 2021 annual audit plan. The audit report (#2021004) was issued to management on July 22, 2021, 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 2021 include TTUHSC Correctional Managed Health Care Contract and ASU Contracting Office. 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 2021



Annual Plan for Fiscal Year 2021

A decorative header image for the Table of Contents. It features a dark red background with a faint, light-colored image of a classical architectural capital, possibly a Doric or Ionic capital, with a flower-like motif. The text "Table of Contents" is overlaid in a large, white, serif font.

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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



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.

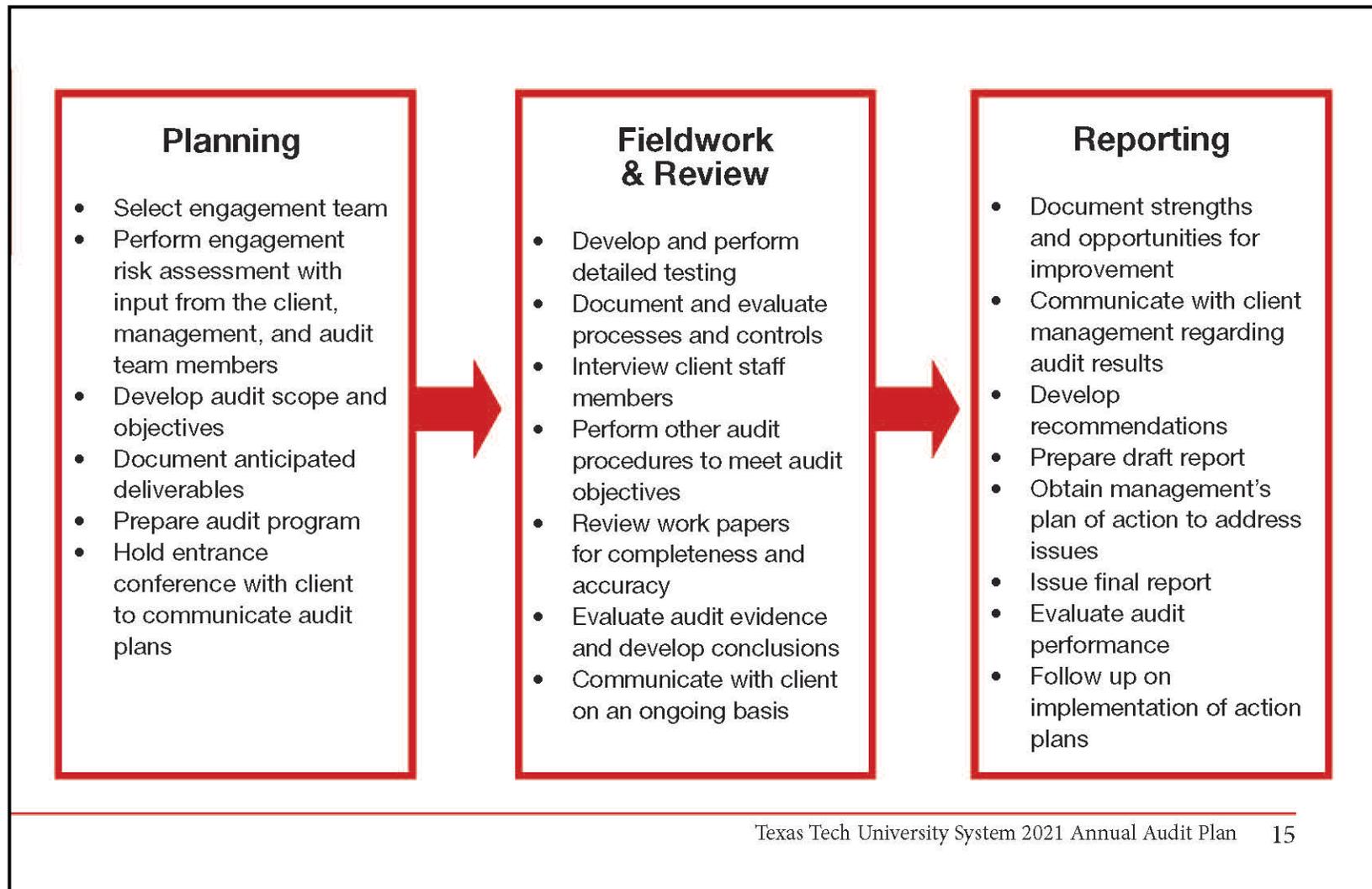
The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017), pp 54-55

Annual Plan for Fiscal Year 2021



Audit 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.

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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.

Audits Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020052b	8/28/2020	Donor Contact Reports	In order to further address a donor contact reporting issue identified in the TTUHSC El Paso Office of Institutional Advancement project, auditors recommended that the TTUS Vice Chancellor for Institutional Advancement implement a process to monitor whether donor contacts are reported timely for all institutions and to provide refresher training for all development officers to reinforce the importance of timely and accurate reporting. The Vice Chancellor agreed and has implemented both the monitoring process and the training.	Implemented
2021009	10/30/2020	Office of Audit Services 2020 Annual Report	As required by State law and Regents' Rules, we 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 2020, our latest external quality assurance review, lists of audit and non-audit engagements completed, external audit services provided to Texas Tech, and the 2020 and 2021 annual audit plans.	No recommendations to implement.
2020083b	12/2/2020	Sick Leave Donation Policies and Forms	In conjunction with the TTUHSC El Paso Sick Leave Donation Special Project, we noted that sick leave donation policies and forms are not formally documented, are inaccurate, or are inconsistent across the TTUS component institutions. The Office of General Counsel plans to implement a System Regulation to ensure consistent guidance to all institutions, review institutional policies and forms for accuracy and consistency, and provide guidance regarding injuries and illnesses that would be considered "catastrophic."	Implemented
2021007	2/11/2021	Agreed-Upon Procedures Report on Credit Card, Travel Expenses, and Charter Flights of Board of Regents, Chancellor, and Presidents	The CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, conducted an agreed-upon procedures engagement in which they reviewed fiscal year 2020 expense reimbursements, credit card expenses, and charter flights of the regents, chancellor, and presidents. The auditors noted 16 of the TTU President's travel vouchers were approved more than 30 days after the trip	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>date, which is a violation of TTU policy. This situation was also noted in the 2017, 2018, and 2019 engagements. The auditors also noted two of the chancellor’s vouchers were approved more than 30 days after the trip date, although one was submitted unnecessarily as the expense was charged to a corporate card and did not result in reimbursement.</p>	
2021008	2/16/2021	<p>Multihazard Emergency Management Plan Safety and Security Audit</p>	<p>The objective of this engagement, required by the Texas Education Code, was to verify that Texas Tech University System and its component institutions are in compliance with Texas Education Code Sections 51.217, “Multihazard Emergency Operations Plan; Safety and Security Audit” and 51.218, “Emergency Alert System.” Overall, Texas Tech University System and its institutions have established processes and procedures to ensure compliance with Texas Education Code Sections 51.217 and 51.218. All TTUS institutions have implemented an emergency alert system to notify students, faculty, and staff of emergency situations. Each institution is performing routine tests of the emergency alert system annually. Each institution has developed an emergency management plan (EMP) that provides for mitigation, preparedness, response, and recovery in the event of an emergency, although the EMPs are not always reviewed annually as required. Management agrees with the recommendation for annual reviews.</p>	Implemented
N/A	3/19/2021	<p>TTUS Closeout Construction Costs – TTUHSC EP Medical Science Building II and Dental Learning Center</p>	<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 TTUHSC El Paso’s Medical Science Building II and Dental Learning Center (together, MSB II) was performed by RSM US LLP, a public accounting and consulting firm engaged by Texas Tech University System. On September 19, 2016, Texas Tech University System entered into a construction manager at risk guaranteed maximum price agreement with Sundt Construction, Inc. (Sundt) for construction management of the MSB II. Contract</p>	<p>Incomplete/ongoing</p> <p>Resolution of the findings may be impacted by potential litigation related to the construction project.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>amendments subsequently increased the contract amount to \$70,222,435 as of September 3, 2020.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 48, which was for services provided through November 30, 2020. The total amount billed as of that date, including the construction manager's fee, was \$69,512,611. The auditors identified unallowable costs totaling \$905,035 related to excess general liability and subcontractor insurance program costs, excess general conditions costs, employee paid time off, and labor burden rates. Sundt's responses to the audit indicate it does not agree with most of the findings.</p>	
2021006	3/23/2021	Texas Tech Foundation, Inc. 2020 Financial Statements and Independent Auditor's Report	<p>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, 2020. 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. Additionally, there were no proposed but unrecorded journal entries, and no internal control weaknesses were identified.</p>	No recommendations to implement.
N/A	5/19/2021	TTUS Closeout Construction Costs – TTU Weeks Hall	<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 TTU Weeks Hall was performed by R.L. Townsend & Associates, LLC, a construction cost control and management advisory firm engaged by Texas Tech University System. On February 26, 2018, Texas Tech University System entered into a construction manager at risk guaranteed maximum price agreement with Lee Lewis Construction, Inc. (LLCI) for construction management services for the Weeks Hall project. Contract amendments subsequently increased the contract amount to \$18,420,055 as of January 25, 2019.</p>	<p>Implemented</p> <p>Auditors verified credit was received for unallowable costs. No further recommendations.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 21, which was for services provided through January 8, 2021. The total amount billed as of that date, including the construction manager's fee, was \$16,879,377. The auditors identified unallowable costs totaling \$59,553 related to payment and performance bonds, excess allowance recovery, auto insurance, and excess cost of labor and office equipment. LLCI's response to the audit indicates it agrees with the findings and will credit the project for the entire amount.</p>	
2021003	5/28/2021	Cancer Prevention and Research Institute of Texas (CPRIT) Grant Funds	<p>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 2020 expenditures. This audit, which was performed by the independent CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, covered 26 grants totaling over \$40 million at TTUHSC, TTUHSC EP, and TTU, of which \$7.6 million was expended during fiscal year 2020. 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.</p>	No recommendations to implement.
N/A	6/23/2021	TTUS Closeout Construction Costs – TTUHSC EP Dental Oral Health Clinic	<p>Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of the TTUHSC El Paso Dental Oral Health Clinic was performed by CBIZ Risk & Advisory Services (CBIZ), a construction cost control and management advisory firm engaged by Texas Tech University System. On October 3, 2019, Texas Tech University System entered into a construction manager at risk guaranteed maximum price agreement with Hensel Phelps Construction Company (Hensel Phelps) for construction management services for the Oral Health Clinic project. Contract amendments subsequently</p>	<p>Implemented</p> <p>Auditors verified credit was received for unallowable costs. No further recommendations.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>increased the contract amount to \$14,280,345 as of March 24, 2020.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 18, which was for services provided through March 31, 2021. The total amount billed as of that date, including the construction manager's fee, was \$11,253,267. CBIZ conducted a pre-construction contract review of labor, insurance, IT, and auto rates that resulted in \$98,457 in cost avoidance over the life of the contract. During the closeout audit, CBIZ identified excess billings of general conditions costs totaling \$1,579, which was offset by an underbilled amount of \$3,159 for Hensel Phelps' construction management fee. Finally, CBIZ recommended Hensel Phelps provide a reconciliation of any credits received from its performance and payment bond to TTUS in its final billing. Hensel Phelps' response to the audit indicates it agrees with the findings and will credit the project as needed.</p>	
N/A	7/1/2021	TTUS Closeout Construction Costs – ASU Museum	<p>Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of the ASU Museum was performed by CBIZ Risk & Advisory Services, a construction cost control and management advisory firm engaged by Texas Tech University System. On July 1, 2019, Texas Tech University System entered into a construction manager at risk guaranteed maximum price agreement with Western Builders of Amarillo, Inc. (Western) for construction management services for the ASU Museum project. Contract amendments subsequently increased the contract amount to \$14,481,863 as of September 16, 2020.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 18, which was for services provided through January 31, 2021.</p>	<p>Implemented</p> <p>The contractor waived the \$91 payment and requested no change be made to the contract amount. No further recommendations.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>The total amount billed as of that date, including the construction manager's fee, was \$12,921,138. The auditors identified audit adjustments totaling \$91 due from TTUS to Western.</p>	
2021012 & 2021013	7/13/2021	Office of Audit Services Internal Quality Assessment with External Validation	<p>In preparation for our triennial external quality assurance review, Andrea Gonzales, Information Technology Audit Manager, performed a self-assessment of the operations of Audit Services. The self-assessment was performed in accordance with The Institute of Internal Auditors' (IIA's) International Standards for the Professional Practice of Internal Auditing (Standards). The self-assessment concluded that the Office of Audit Services generally conforms with the Standards, the U.S. Government Accountability Office Generally Accepted Government Auditing Standards (GAGAS), and the Texas Internal Auditing Act (the Act). The report, which is embedded in the report from the external review team, included recommendations to include the IIA's Core Principles in Regents' Rule Chapter 07 and to update guidance and training for staff related to certain aspects of audit performance.</p> <p>The external review team conducted an independent validation of our self-assessment and agreed that Audit Services generally conforms with the Standards, GAGAS, and the Act in all material respects during the period under review. In addition to noting a number of strengths, the peer review team provided continuous improvement recommendations related to strategic planning, investment in IT audit capability, audit committee communications and educational sessions, financial statement audits, follow-up processes, and outreach efforts. The chief audit executive agrees with the recommendations of Ms. Gonzales and peer review team and has begun implementation.</p>	<p>Incomplete/ongoing</p> <p>Recommendations related to staff training and financial statement audits have been implemented. The other recommendations are in progress.</p>
2021004	7/22/2021	Contracting and Procurement Processes	<p>The audit objectives were to ensure certain statutorily required policies have been adopted, determine whether Texas Tech</p>	<p>Incomplete/ongoing</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>University System and its institutions have processes to comply with state and institutional reporting and approval requirements, and follow up on prior year recommendations. TTUS and its component institutions have adopted the rules and policies required by Texas Education Code §51.9337. Additionally, TTUS and its institutions are in the process of revising the TTUS Contract Management Handbook and have plans to review its content following each legislative session. However, several recommendations to revise Regents' Rules and component institution operating policies for consistency that were verbally communicated during last year's engagement have not been implemented.</p> <p>TTUS Facilities Planning and Construction reports professional services contracts to the LBB as required by Texas Government Code (TGC) §2254.006. However, each component institution has opportunities to strengthen its LBB reporting processes to ensure all required contracts are identified and reported timely in accordance with applicable statutes. The component institutions obtain TTUS Board of Regents (Board) approval and generally report contracts executed under delegated authority to the Board where required by TGC §2261.254 and Regents' Rules, as applicable. However, auditors identified TTUHSC contracts executed under delegated authority that were not reported to the Board, as well as TTUHSC El Paso contracts executed under delegated authority that were not reported to the Board in accordance with timelines established in Regents' Rules or where the value reported was misstated.</p> <p>The TTUS CFO and institutional representatives agree with recommendations to update reporting processes, Regents' Rules, and institutional operating policies to ensure consistency and compliance and have begun implementation.</p>	<p>Policy inconsistencies will be followed up on in the fiscal year 2022 contracting and procurement processes audit. All other recommendations related to LBB reporting and Board of Regents reporting are pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2021032	7/22/2021	Information Technology General Controls Review	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objectives were to evaluate select technical controls and procedures for effectiveness and reasonable assurance that information resources are adequately secured and managed; review TTUS IT business continuity and disaster recovery plans, and evaluate vendor management procedures. TTUS IT has implemented procedures specific to application development, change management, vulnerability management, and vendor management. These procedures are formal and repeatable, and address application changes and vulnerability remediation, as well as ensuring IT resources are secure and managed. Additionally, the disaster recovery and business continuity plans are documented, have been recently tested, and align with the standards set forth in the Texas Administrative Code Rule 202. Management agreed with recommendations to further enhance specific controls.</p>	<p>Incomplete/ongoing</p> <p>Five recommendations are not yet due, and two recommendations are pending verification by the Office of Audit Services.</p>
2021011	7/26/2021	Office of Audit Services Quality Assurance Activities	<p>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 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.</p>	<p>No recommendations to implement.</p>
2021010	8/5/2021	Office of Audit Services 2022 Annual Audit Plan	<p>In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we have prepared our 2022 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</p>	<p>No recommendations to implement.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>University, Texas Tech University Health Sciences Center, Angelo State University, Texas Tech University Health Sciences Center El Paso, and Midwestern State University.</p> <p>The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and audit and management advisory engagements based on our assessment of risk. We have also scheduled time for assisting management with additional requests, investigations, follow-up on implementation of prior audit recommendations, audit operations and staff development, and other value-added work. Sections 01.02.8 and 07.02.7, Regents' Rules, require Board approval of the plan.</p>	

Audits Completed

Texas Tech University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020038	10/6/2020	Intercollegiate Athletics	<p>The objectives of this audit were to determine whether controls were effective in ensuring compliance with NCAA bylaws surrounding continuing eligibility; determine whether controls are effective in ensuring individuals admitted as prospective student-athletes (PSAs) participate in athletic activities and receive athletic-related financial aid; and verify that financial aid disbursements to certain student-athletes complied with the terms of their athletic scholarship agreements.</p> <p>The University has designed controls that are effective in facilitating compliance with critical NCAA bylaws and Big 12 Conference rules surrounding eligibility. While the University has not designed controls that specifically ensure individuals admitted as PSAs participate in athletic activities, it has designed controls to ensure individuals admitted under special admissions processes for PSAs are offered athletic-related financial aid. However, the University's admissions processes do not ensure all individuals admitted as PSAs are subject to these controls. Finally, auditors identified four student-athletes who did not receive the full amount of athletic-related financial aid afforded to them under their athletic scholarship agreement for the 2019-2020 academic year. Further, current controls do not ensure athletic-related financial aid disbursements are accurate and consistent. Management agreed with our recommendations related to PSA admissions processes, making student-athletes whole for the portions of athletic-related financial aid they did not receive, and developing a secondary review of athletic-related financial aid for accuracy and consistency.</p>	Implemented
2020047	12/2/2020	University Libraries	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>The objectives of this audit were to evaluate select information technology controls, evaluate the Library's inventory management processes, and evaluate private gift fund expenditures for compliance with donor restrictions. The Library has developed processes for managing its circulating inventory and established certain information technology controls to secure its data. Additionally, all expenditures reviewed on the Library's private gift funds complied with donor restrictions. However, auditors identified opportunities to ensure donated items are valued and reported in compliance with Government Accounting Standards and institutional policies and procedures; formalize some of the Library's inventory review processes; and strengthen information technology controls.</p>	
2021015	1/4/2021	Texas Tech Public Media 2020 Financial Statements	<p>Texas Tech Public Media is a telecommunications entity licensed to Texas Tech University that operates public television and radio stations in Lubbock, El Paso, and San Angelo. 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, 2020, and preparation of the annual report for submission to the Corporation for Public Broadcasting (CPB). This audit is required by the CPB and was included in our annual plan. The independent auditors issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Additionally, there were no proposed but unrecorded journal entries, and no internal control weaknesses were identified.</p>	No recommendations to implement.
2021014	1/15/2021	Intercollegiate Athletics Agreed-Upon Procedures	<p>BKD, LLP, an independent CPA firm, performed agreed-upon procedures at Texas Tech University required annually by the NCAA. For the year ended August 31, 2020, 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.</p>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2021034	1/20/2021	School of Veterinary Medicine State Line Item	<p>The objectives of this audit were to evaluate the use of state line item funding by TTU's School of Veterinary Medicine (SVM). Overall, expenditures charged to TTU SVM state line item funds for appropriation years 2020 and 2021 comply with state and institutional spending restrictions. Additionally, TTU SVM management has established fund budgeting and monitoring processes to reasonably ensure state line item funds will be fully utilized within required timeframes. As of the audit date of November 5, 2020, approximately \$11.7 million (68%) of TTU SVM's state line item funding had either been expended or encumbered. State line item funds have been largely utilized for payroll (49%) and capital outlays and supplies (48% combined).</p>	No recommendations to implement.
2020037	3/9/2021	Advising Processes	<p>The objectives of this audit were to determine the effectiveness of University advising processes and determine if advising fee revenue is consistently allocated and utilized in accordance with the Global Fee Document (GFD). Overall, the University generally allocates and utilizes advising fee revenue in accordance with the GFD. Most advising fee revenue compensates advisors and related support staff, although auditors noted that advising fee expenditures did not always comply with fee restrictions. Oversight of advising functions has been established; however, there are opportunities to enhance the student advising experience by implementing program effectiveness reviews. Advisors surveyed during the audit were confident in their knowledge of their college-specific information. However, many expressed a need to better understand campus resources, technology, and program offerings outside their college. The Provost's Office will work with University Advising and the colleges toward further improvement of advising resources, information, and fee utilization.</p> <p>In addition to these recommendations, auditors noted additional risk considerations for which no recommendation</p>	<p>Incomplete/ongoing</p> <p>The recommendation regarding advising fee utilization is implemented. Recommendations regarding mission statements, program effectiveness, and advisor resources are not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>was provided. First, the student to advisor ratio in a few areas is higher than the industry average of 600:1. Resource limitations at the University require some advisors to serve in multiple capacities. There is an inherent risk that advisors who service a high number of students, and who also have additional professional responsibilities, cannot devote sufficient time to each student. Finally, there may be opportunities for the University to examine the distribution of advising fee revenue to regional campuses in an effort to improve transparency and ensure students paying the advising fee directly benefit from its usage.</p>	
2021023	5/11/2021	Coronavirus Aid, Relief, and Economic Security (CARES) Act	<p>The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal economic stimulus bill passed by Congress and signed into law on March 27, 2020, in response to the COVID-19 pandemic. The CARES Act established the Higher Education Emergency Relief Fund (HEERF), which provides funds for institutions of higher education to prevent, prepare for, and respond to Coronavirus. Texas Tech University (TTU) was initially awarded \$27,427,699 in CARES Act HEERF funding in spring/early summer 2020, with an additional \$16,506 in Minority Serving Institution (MSI) funds awarded in December 2020.</p> <p>Guidance regarding how CARES Act funds could be utilized was changing at a rapid pace immediately following the passage of the CARES Act. TTU made a good faith effort to comply with the intent of the CARES Act and to make emergency financial aid grants available to students as quickly as possible. In addition, funds were used for housing, dining, transportation and recreation center fee refunds; study abroad travel costs; information technology hardware, software, and online learning costs; and to replace lost revenue from waived distance learning fees in summer 2020.</p>	<p>Incomplete/ongoing</p> <p>The recommendations regarding an unallowable transaction and student grant eligibility have been implemented. Additionally, the September 30, 2020 Institutional and MSI Portions report has been amended to address the inaccuracies identified. Management will address the annual report inaccuracies in the next annual submission.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>With relatively few exceptions, students who received CARES Act emergency financial aid grants were eligible to receive such grants; expenditures and lost revenue funding by Institutional and MSI Portion funds, as applicable, were allowable and documented; and information in CARES Act reports was accurate and timely. Management agreed with the recommendations to transfer ineligible or unallowable transactions to other sources of funding and to amend reports as applicable.</p>	
2021025	7/22/2021	Information Technology Change Management Processes	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objective was to evaluate the effectiveness of the TTU Information Technology (IT) Division's change management procedures specific to network and security infrastructure. The IT Division has developed and implemented change management procedures to ensure significant changes to the network and security infrastructure are reviewed and approved prior to being deployed to production environments. However, documentation of these procedures in internal policy is outdated. Also, the completion and results of planned testing activities and dates of director approval are not consistently captured. IT Division management agreed with the recommendation to update internal documentation to clearly outline responsibilities of the various roles within the change management process and expectations for review and documentation.</p>	<p>Incomplete/ongoing</p> <p>This recommendation regarding internal change management process documentation is pending verification by the Office of Audit Services.</p>
2021024	7/26/2021	International Student Visa Processes	<p>The audit objectives were to determine if internal controls have been implemented to ensure compliance with select TTU and federal international student visa requirements surrounding enrollment, employment, and insurance and to determine if international student enrollment is accurately reported. The Office of International Affairs (OIA) has implemented processes to facilitate compliance with certain aspects of international student visa processes, including monitoring and enrollment. However, auditors identified some areas of non-</p>	<p>Incomplete/ongoing</p> <p>Recommendations are not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			compliance with international student employment requirements, which involves shared responsibility between OIA, students, and other TTU departments. Additionally, auditors identified international student visa classification inaccuracies and a small number of errors in international student reporting. Finally, reporting methodologies are inconsistent between University departments responsible for different reports, and non-immigrant residents are not always billed international student charges or may not comply with visa requirements. Management agreed with recommendations to address these issues and has begun implementation.	

Audits Completed

Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020027	September 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 Health Sciences Center. 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 one compliance violation in its sample testing related to the calculation of Title IV funds that must be returned in cases where a student does not complete a term. The miscalculation resulted from using an inaccurate withdrawal date. Still, Baker Tilly 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. Management agreed with and has begun implementation of Baker Tilly's recommendations to clarify roles around compliance with the Gramm-Leach-Bliley Act, to correct the miscalculated return, and to complete a thorough review of return calculations that occurred prior to the enhanced review process enacted after discovery of the error.</p>	<p>Incomplete/ongoing</p> <p>The miscalculated return was reprocessed using the correct withdrawal date and the appropriate funds were returned to the Department of Education. Financial Aid reviewed current files for additional errors, and determined the one error was an anomaly. Financial Aid also continuously reviews their processes as regulations change constantly. The recommendation regarding the Gramm-Leach-Bliley Act is in progress as the Information Security Plan is currently under review.</p>
2020049	11/11/2020	Lubbock Department of Pediatrics	<p>The objectives of this audit were to determine if the Department has implemented internal controls surrounding cash handling and contract management. Internal controls have been implemented to facilitate compliance with most contracts; however, auditors identified inaccurate Department billing and opportunities to strengthen contract monitoring activities. Additionally, the Department has established certain internal controls surrounding cash handling, including receipt of payments, safeguarding of cash, and reconciliations. However, there are opportunities to strengthen the control structure and</p>	<p>Incomplete/ongoing</p> <p>The cash handling and contract management recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			ensure compliance with TTUHSC operating policies and procedures. Management agreed with our recommendations and has begun implementation.	
2021078	11/16/2020	Texas Higher Education Coordinating Board Nursing Shortage Reduction Regular Program	The objective of this audit was to determine if Nursing Shortage Reduction Regular Program funds awarded to TTUHSC in fiscal year 2017 were expended in compliance with allowable award expenditures. TTUHSC received \$675,822.99 in Program funds during fiscal year 2017. As of August 31, 2020, the entire award was expended. We reviewed all expenditures from fiscal year 2017 through 2020 noting 99.8% of expenditures were payroll-related and the remaining 0.2% were for operational expenses. The expenditures complied with the Coordinating Board's allowable use of the funds.	No recommendations to implement.
2020087	11/30/2020	Special Project in the School of Nursing Larry Combest Community Health and Wellness Center	This audit was completed after concerns were brought forth about potential mishandling of patient payments. Auditors attempted to match arrived appointments with cash collected. However, since patients who are unable to pay at the time of their appointment are not reflected within the payment system, auditors were unable to separate appointments for patients who did not pay from patient payments not recorded in the payment system. Patient payments entered in the payment system agreed with deposit amounts and payment reversals were reapplied as expected. Additionally, management's cash handling processes segregate responsibilities and establish controls to secure patient payments. However, auditors identified opportunities to further strengthen controls over cash handling activities. Management agreed with our recommendations.	Implemented
2021018a	12/18/2020	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	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>guidelines related to the grants. Total fiscal year 2020 expenditures were \$667,668. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC's financial system.</p>	
2020039	2/17/2021	Jerry H. Hodge School of Pharmacy	<p>The objectives of this audit were to determine if the School of Pharmacy has implemented controls to secure and track controlled substances and to determine if research expenditures comply with award requirements. The School has implemented internal controls, including reviews and reconciliations, to monitor and ensure financial compliance of grant funds. Although TTUHSC and the School have established policies and procedures and some internal controls related to controlled substances, auditors identified inconsistent application of controls between pharmacies, multiple control weaknesses, and significant inventory discrepancies.</p> <p>The Amarillo Pharmacy's electronic inventory records for controlled substances include a large number of manual adjustments without documented justification. School staff could not provide explanations for the adjustments, and some adjustments were recorded on the day of their annual inventory, indicating physical counts differed from records. Electronic inventory records also did not always agree to manual listings in the Amarillo Pharmacy. A previous audit in fiscal year 2015 also identified unexplained inventory discrepancies and similar control weaknesses at the Amarillo Pharmacy. Management agreed with recommendations to strengthen the control structure for controlled substances to ensure compliance with state and federal regulations as well as TTUHSC and School operating policies and procedures.</p>	<p>Incomplete/ongoing</p> <p>Recommendations regarding segregation of duties and DEA license verification are implemented, and the recommendation regarding access review is pending an update from Facilities. Implementation dates for recommendations involving the inventory system have been revised as the Pharmacy considers implementing a new system.</p>
2021076	4/2/2021	Campus Alliance for Telehealth Resources Program	<p>In 2013, the Telemedicine, Wellness, Intervention, Triage, and Referral (TWITR) Project was developed to provide mental health services to rural school districts with limited mental health resources. Using telemedicine technology, Licensed</p>	<p>No recommendations to implement.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Professional Counselors screened at-risk students referred by the schools. By 2019, the TWITR Project had grown from 10 school districts to 24 school districts comprising more than 100,000 students. Given the success of the program, the 86th Texas Legislature appropriated funding to TTUHSC to grow and expand the Project, which was renamed the Campus Alliance for Telehealth Resources (CATR) Program in order to better represent its expanded services. Within TTUHSC, oversight and management of the CATR Program transitioned from the F. Marie Hall Institute for Rural and Community Health (Rural and Community Health) to the Department of Psychiatry on September 1, 2020. As such, the first year of the biennium (fiscal year 2020) was overseen by Rural and Community Health, and the second year (fiscal year 2021) was overseen by the Department of Psychiatry. As a result of this transition, management from both areas requested this audit.</p> <p>Overall, CATR Program expenditures during fiscal year 2020 were allowable, reasonable, and appropriately supported. Personnel paid with CATR Program funds were reasonably associated with the Program, and the percentage paid by the Program is reasonable based on job duties. Lastly, equipment (mostly computers and computer accessories) purchased with CATR Program funds was officially transferred from Rural and Community Health to the Department of Psychiatry at the beginning of fiscal year 2021.</p>	
2021074	6/21/2021	Coronavirus Aid, Relief, and Economic Security (CARES) Act	The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal economic stimulus bill passed by Congress and signed into law on March 27, 2020, in response to the COVID-19 pandemic. The CARES Act established the Higher Education Emergency Relief Fund (HEERF), which provides funds for institutions of higher education to prevent, prepare for, and respond to Coronavirus. The CARES Act also established the Public Health and Social Services Emergency Fund, which provides Provider Relief Funds to eligible	<p>Incomplete/ongoing</p> <p>The recommendation regarding unallowable transactions has been implemented. Additionally, the 30-day Student Portion report has been amended to address the inaccuracies identified.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>healthcare providers to prevent, prepare for, and respond to Coronavirus. Texas Tech University Health Sciences Center (TTUHSC) was awarded \$1,794,631 in HEERF funding and \$2,758,785 in Provider Relief Funds in calendar year 2020.</p> <p>Guidance regarding how CARES Act funds could be utilized was changing at a rapid pace immediately following the passage of the CARES Act. TTUHSC made a good faith effort to comply with the intent of the CARES Act and to make emergency financial aid grants available to students as quickly as possible. In addition, funds were used for instructional fee refunds; educational supply costs; personal protective equipment and sanitation supply costs; information technology hardware, software, and online learning costs; and costs to reconfigure facilities to promote social distancing. Provider Relief Funds were primarily used for payroll and building lease expenses as well as personal protective equipment, testing supplies, and cleaning and sanitation costs.</p> <p>Overall, students who received CARES Act emergency financial aid grants were eligible to receive such grants. Expenditures funded by Institutional Portion funds and most expenditures funded by Provider Relief Funds were allowable and documented. Finally, with few exceptions, information included in CARES Act HEERF reports was accurate and timely. Management agreed with the recommendations to transfer unallowable transactions to other sources of funding and to amend reports as applicable.</p>	<p>Management will address the annual report inaccuracies in the next annual report submission.</p>
2021017	7/6/2021	Correctional Managed Health Care Contract	<p>The audit objective was to evaluate internal controls surrounding TTUHSC Managed Care's inventory management. TTUHSC Managed Care's controlled and capital inventory purchasing, monitoring, and disposal processes generally align with TTUHSC operating policies and procedures, and a number of internal controls have been established. Specifically, inventory purchases are approved by</p>	<p>Incomplete/ongoing</p> <p>The recommendation surrounding inventory processes is not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>the requisitioner's supervisor; two people confirm receipt of IT inventory prior to payment; and financial reconciliations are performed by personnel who are not responsible for approving inventory purchases. Additionally, TTUHSC Managed Care's Materials Management unit performs annual inventory certification, and the Director of Materials Management approves any resulting inventory changes. Still, management has begun implementation of additional internal controls to strengthen inventory purchasing, monitoring, and disposal processes.</p>	
2021026	7/22/2021	International Student Visa Processes	<p>The audit objective was to determine if internal controls have been implemented to ensure compliance with select TTUHSC and federal international student visa requirements surrounding enrollment, employment, and insurance. TTUHSC has implemented processes to facilitate compliance with aspects of international student visa processes, including enrollment and monitoring. However, auditors identified international student visa classification inaccuracies and non-compliance with international student insurance requirements and employment validation reports. Management agreed with recommendations to address these issues and has begun implementation.</p>	<p>Incomplete/ongoing These recommendations are not yet due.</p>

Audits Completed

Texas Tech University Health Sciences Center El Paso

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020052a	8/28/2020	Office of Institutional Advancement	<p>The objectives of this audit were to evaluate gift deposit and reconciliation processes; determine if development activities are properly recorded in the Advance donor database; and evaluate expenditures and employee reimbursements for compliance with state and institutional policies. Institutional Advancement has implemented certain controls over expenditures and employee reimbursements that help ensure compliance with state and institutional policies. However, auditors identified weaknesses related to reporting of contacts with donors, gift reconciliations, safeguarding of assets, deposit procedures for cash collections, inventory logs, segregation of duties, and departmental policies and procedures.</p> <p>Development officers are responsible for entering contact reports into the Advance database within 14 days for any substantive contacts with donors. In testing expense reimbursements, auditors found that 67% of reportable contacts were not documented in Advance at all. Of contact reports entered into Advance from January 2019 to July 2020, 16% were not entered timely, with some recorded up to a year late. The lack of, or untimely, contact reports results in outdated or inaccurate donor information that can prevent Institutional Advancement from developing effective strategies and meaningful outcomes for donors, especially if a development officer leaves the institution. Furthermore, the lack of contact reports in Advance could indicate that expenses submitted by development officers for reimbursement did not have a legitimate business purpose. Management agreed with our recommendations related to contact reports, gift reconciliations, and the other issues identified and has begun implementation.</p>	<p>Incomplete/ongoing</p> <p>Recommendations related to departmental policies and procedures, safeguarding of assets, segregation of duties, and contact reports have been implemented. The remaining three recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020051	10/2/2020	Gayle Greve Hunt School of Nursing	<p>The objectives of this audit included evaluating travel expenditures, the admissions process, and student fees. Overall, the School has implemented certain controls over each of these processes. Travel was adequately supported and in compliance with institutional policies. However, we identified instances of excessive student fee fund balances; expenditures that were not consistent with the student fee’s intended purpose; inconsistent admissions processes that do not ensure minimum requirements for each program are met; unsecured admissions documentation; and outdated or incomplete admissions policies and procedures.</p> <p>Student fees are discretionary incidental fees specifically authorized under Texas Education Code (TEC) §54.504 and §55.16. Further, TEC §54.504, Incidental Fees, states, “The rate of an incidental fee must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected.” As such, these student fees are specifically charged and collected to recover actual costs of providing the respective course, and expenditures should align with each fee’s intended purpose documented in the Global Fee Document Supplement. Overall, School student fee fund balances, including encumbrances, increased by 10% from fiscal year 2018 to fiscal year 2019 and by another 27% in fiscal year 2020. As of September 1, 2020, the fund balance for all School student fee funds totaled \$1,031,012. The fast-rising fund balances indicate the fees are not being collected and used in accordance with statutory requirements. Management agreed with our recommendations related to student fees and admissions processes.</p>	Implemented
2020043	10/5/2020	Electronic Medical Record Application Controls	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The objective of this audit was to evaluate the information technology and information security control environment surrounding Centricity, Cerner, and Vista, TTUHSC El Paso’s</p>	<p>Incomplete/ongoing</p> <p>Four recommendations have been implemented, and the three remaining</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>electronic medical record applications (EMR applications). The Information Management Systems (IMS) team has implemented certain controls to help secure the data within the EMR applications, such as reviewing monthly termination and transfer reports from Human Resources and performing quarterly access reviews for all users. However, one application is no longer supported by the vendor. For all three applications, user access is not appropriately limited, and there is no vendor management program. The IMS team does not consistently follow its own internal policy for change management, nor regularly review user activity. Management agreed with our recommendations to strengthen controls.</p>	<p>recommendations are pending verification by the Office of Audit Services.</p>
2020042	10/9/2020	Student Financial Aid Controls	<p>In March 2019, TTUHSC El Paso received approval from the U. S. Department of Education (DOE) to participate in the Student Financial Assistance Program for Title IV funds. TTUHSC El Paso's Office of Student Financial Aid disbursed its first financial aid award in summer 2019. Prior to that, all awards had been handled by Texas Tech University Health Sciences Center's Financial Aid Office. In conjunction with its authority to handle federal financial aid, the Office is required to undergo an external program-specific audit in each of the next two years. This internal audit was intended to serve as a foundational review of policies, procedures, internal controls, and compliance with information privacy and security requirements of the Gramm-Leach-Bliley Act. Auditors also determined whether recommendations from the DOE's New School Assistance Visit report have been implemented.</p> <p>TTUHSC El Paso complies with the provisions of the Gramm-Leach-Bliley Act Safeguard Rule and has established appropriate safeguards to reasonably protect institutional data and information, including student financial aid information. Additionally, TTUHSC El Paso, through Financial Aid, has implemented recommendations made in the DOE's New School Assistance Visit report issued in February 2020.</p>	<p>Incomplete/ongoing</p> <p>These recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>However, auditors noted internal controls weaknesses and/or inefficiencies related to policies and procedures, Banner system access, reconciliations, and financial aid processes for verification, packaging, awarding, disbursing, and satisfactory academic progress. With only two employees, it is imperative that Financial Aid establishes processes with strong internal controls necessary to achieve its mission for current and future students, including those in the upcoming inaugural class of the School of Dental Medicine, and to comply with federal laws and regulations. Management agreed with the recommendations and has begun implementation.</p>	
2020083a	12/2/2020	Sick Leave Donation Special Project	<p>The objectives of this audit, performed after auditors received allegations of sick leave donation abuse by Human Resources employees, were to evaluate controls surrounding the sick leave donation processes and to review sick leave donation activities for fraud and abuse. Auditors concluded that weaknesses in the sick leave donation process make it susceptible to fraud, abuse, and conflicts of interest, and institutional and departmental policies and procedures related to sick leave donation have not been formally documented.</p> <p>In addition, auditors confirmed that Human Resources employees abused the sick leave donation process and their positions to access sick leave balance information. For donations made to Human Resources employees, some donors were approached by a Human Resources employee to personally ask for the donation. While donors interviewed indicated they did not feel pressured to make the donations, there is the appearance of a conflict of interest and signs of abuse of processes and access to sick leave balance information by Human Resources employees. Employees that donated to Human Resources employees may have felt obligated or had the perception of a quid pro quo since Human Resources employees have the ability to approve or deny, and expedite or delay, requests for position postings, salary</p>	<p>Incomplete/ongoing</p> <p>Recommendations related to departmental policies and procedures and conflict of interest are in progress/pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>offers/increases, FMLA, and other Human Resources related matters. Finally, two sick leave donation forms were not signed by the donor, and one of these donations is potentially fraudulent as the donor indicated he did not recall making the donation.</p> <p>TTUHSC El Paso management agreed with recommendations to improve institutional policies and processes, prohibit Human Resources employees from suggesting sick leave donations to any Human Resources employee, and closely scrutinize future donations to Human Resources employees.</p>	
2020083c	12/2/2020	Human Resources Director's Donated Sick Leave	<p>In conjunction with the TTUHSC El Paso Sick Leave Donation Special Project, auditors concluded the TTUHSC El Paso Human Resources Director for Employment and Compensation (Director) abused her position for personal gain through the receipt of sick leave donations. In addition, one sick leave donation was potentially fraudulent as the donor does not recall making the donation, and the Sick Leave Donation Donor Form did not contain the donor's physical or digital signature. Management has begun to implement new processes, including additional reviews of donations to Human Resources employees. Additional changes may also be considered by the new Assistant Vice President of Human Resources.</p>	Implemented
2021018b	12/18/2020	Texas Higher Education Coordinating Board Residency Grants	<p>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 2020 expenditures were \$135,457. 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.</p>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2021019	1/22/2021	Program-Specific Audit of Student Financial Assistance Cluster Program	<p>The independent CPA firm of Belt Harris Pechacek, LLLP, performed an audit of the Student Financial Assistance Cluster Program (Title IV federal financial aid programs) at TTUHSC El Paso for fiscal year 2020. The objectives of the engagement were to audit TTUHSC El Paso's compliance with federal regulations related to Title IV programs and to audit the schedule of expenditures of federal awards for Title IV for the year ended August 31, 2020 and the related notes (collectively, the financial statement). Belt Harris's opinion stated that TTUHSC El Paso complied, in all material respects, with the types of compliance requirements described in the <i>U.S. OMB Compliance Supplement</i> that could have a direct and material effect on Title IV for the year ended August 31, 2020. Belt Harris further opined that TTUHSC El Paso's financial statement presents fairly, in all material respects, the expenditures of federal awards for Title IV for the year ended August 31, 2020, in accordance with accounting principles generally accepted in the United States of America.</p> <p>During performance of the audit, Belt Harris noted several areas where improvements in internal control are warranted, although none of them rose to the level of a material weakness. These situations, along with Belt Harris's recommendations for improvement, were communicated in a management letter, which includes management's responses. Finally, there were no issues of concern disclosed in the auditor's required communications letter to the Board.</p>	Belt Harris will follow up on their management letter comments during this year's audit.
2021075a	1/29/2021	Student Fees	The objective of this audit was to determine if institutional and School-based student fees in the Schools of Medicine, Nursing, and Biomedical Sciences at TTUHSC El Paso are being administered and utilized in a manner consistent with state regulations and institutional policies. Institutional and School-based student fee fund balances have consistently increased, as collections have outpaced expenditures each year for fiscal years 2017 through 2020. At the end of fiscal year 2020, the	<p>Incomplete/ongoing</p> <p>The recommendation regarding policy and procedure development has been implemented. Other recommendations involving student fee expenditures and</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>combined fund balance for all student fees at TTUHSC El Paso totaled \$3,912,437. Consistently increasing fund balances can indicate student fees are not being collected and used in accordance with the statutory requirement that incidental fees reasonably reflect the actual cost of the materials or services for which each fee is collected. While TTUHSC El Paso has implemented some controls over student fees, reviews of student fee fund balances conducted by various groups are not effective in ensuring compliance with cost recovery regulatory requirements.</p> <p>In addition to excessive student fee fund balances in all three Schools, auditors identified expenditures that were not compliant with TTUHSC El Paso policies and/or consistent with the student fee's intended purpose. Management agreed with recommendations to reevaluate fees for possible adjustment, establish improved monitoring mechanisms, ensure expenditures comply with statutory and institutional requirements, and develop policies and procedures to improve handling of student fees.</p>	<p>fund balances are pending verification by the Office of Audit Services.</p>
2021075b	1/29/2021	<p>Student Fee Advisory Committees and Student Travel Policy</p>	<p>During the Student Fees audit, auditors concluded the student fee advisory committees required by statute and the Texas Tech University System Global Fee Document have either not been established or have not been meeting consistently. Additionally, TTUHSC El Paso's policy on student travel is outdated. Management agreed with our recommendations to form the required working committees and update the policy and has begun implementation.</p>	<p>Incomplete/ongoing</p> <p>These two recommendations are pending verification by the Office of Audit Services.</p>
2021077	4/1/2021	<p>Department of Pathology Special Project</p>	<p>Auditors performed this audit after an allegation of potential misuse of departmental funds in the Department of Pathology was brought forward. While the audit did not confirm fraud or abuse, auditors identified waste of departmental funds and inadequate financial oversight. Under previous Department leadership, the Unit Manager controlled most of the Department's business functions. Segregation of duties, which</p>	<p>Implemented</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>is a key internal control, was largely absent, and management oversight was insufficient. 40 of 185 expenditure transactions tested totaling \$19,440 had a questionable business need and/or were excessive, resulting in waste of departmental funds. Expenditures included a conference for the Unit Manager that did not relate to her job duties, hundreds of unnecessary printer ink cartridges, inappropriate food purchases, and other items with no business need. Auditors also confirmed inappropriate access to, and deletions from, faculty and staff email and calendar accounts by the Unit Manager. The Department is now under different leadership with a new chair and administrator who are implementing internal controls over business processes. Additionally, the Unit Manager's employment was terminated.</p>	
2021028	5/4/2021	Woody L. Hunt School of Dental Medicine State Line Item	<p>The objectives of this audit were to evaluate the use of state line item funding by TTUHSC El Paso's Hunt School of Dental Medicine (SDM). Overall, expenditures charged to SDM state line item funds for appropriation years 2020 and 2021 comply with state and institutional spending restrictions. Additionally, SDM management has established fund budgeting and monitoring processes to reasonably ensure state line item funds will be fully utilized within required timeframes. As of March 22, 2021, approximately \$12.8 million (64%) of SDM's state line item funding had either been expended or encumbered. State line item funds have been largely utilized for payroll (67%), capital outlay, other comptroller (i.e., equipment, software, services, and training fees), and other expense categories (33% combined).</p>	No recommendations to implement.
2021038	5/4/2021	Information Technology Governance	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>Information technology (IT) governance is comprised of "the leadership, organizational structures, and processes that ensure that the enterprise's IT supports the organization's strategies and objectives," and is an integral part of the institution's overall governance strategy and its achievement of institutional</p>	<p>Incomplete/ongoing</p> <p>Recommendations are in progress, with several pending verification by the Office of Audit Services and several not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>goals. At TTUHSC El Paso, IT governance is a shared responsibility among the president, senior administrators, and the IT Division. The objective of this audit was to evaluate the organization and underlying processes that enable the IT Division to support and contribute to the achievement of TTUHSC El Paso’s strategic initiatives and corresponding strategic plan. Evidence gathered through the evaluation of documentation and interviews with key stakeholders was assessed using an IT governance maturity model adapted from IT Governance Institute’s Control Objectives for Information and related Technology (COBIT) framework.</p> <p>Overall, TTUHSC El Paso’s IT governance maturity is rated as <i>initial</i> (i.e., level 2 of 6), indicating that IT governance is based on addressing IT-related issues on a case-by-case basis, dependent on the initiative and experience of the IT Division’s management team, with limited input from the rest of the institution. This maturity rating is based on the lack of structure around strategic planning activities and continuous improvement procedures in the IT Division; incomplete development and tracking of key performance indicators; lack of effective project management and work prioritization processes; and the institution’s inadequate funding to support IT delivery and services activities, including the hardware lifecycle management program.</p> <p>The audit recommendations are designed to improve the maturity of IT governance to <i>managed and measurable</i> (i.e., level 5 of 6). This rating would indicate that communication and collaboration between TTUHSC El Paso administrators and the IT Division has improved, directly impacting the outcomes of IT goals and initiatives; that the IT Division is properly funded and resourced; and that the value of IT is maximized, assessed through a robust continuous improvement framework and through the monitoring of performance, resources, and project management programs. Management</p>	

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			agreed with the recommendations and has begun implementation.	
2021029a	6/30/2021	Paul L. Foster School of Medicine Financial Review	<p>The audit objectives were to conduct a trend analysis of Paul L. Foster School of Medicine (PLFSOM) funds to summarize their source and use and to evaluate PLFSOM's financial organizational structure and assignment of responsibility. Overall, analyses identified predictable financial trends given the pandemic environment over the last year and confirmed that non-formula support from the Texas Legislature has primarily been used for salaries and wages. The report includes financial analysis and tables for a three-year period summarizing Transmountain financial results, use of the state line item, and revenue and expense trends.</p> <p>Auditors concluded PLFSOM's accounting of Transmountain facility expenses does not portray the full financial performance of the campus. In fiscal year 2020, \$2.6 million in Transmountain campus lease and leasehold improvement expenses were charged to a PLFSOM administrative fund. This treatment is inconsistent with prior fiscal years and does not transparently present the full financial performance of the Transmountain campus. Management agreed with our recommendation to classify transactions under the appropriate funds to facilitate transparent and consistent reporting, which will better support decision processes.</p>	<p>Incomplete/ongoing</p> <p>Recommendation is not yet due.</p>
2021029b	6/30/2021	Paul L. Foster School of Medicine Control Environment	<p>During the Paul L. Foster School of Medicine (PLFSOM) Financial Review project, auditors noted financial responsibilities related to certain positions in the PLFSOM are not clearly assigned, documented, or communicated, with several individuals' financial oversight or reporting responsibilities appointed through a secondary or overload position or role. The result is these individuals split their commitment between departments, their performance with regard to these financial responsibilities is not always assessed</p>	<p>Incomplete/ongoing</p> <p>Recommendations are in progress, with one pending verification by the Office of Audit Services and two not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>as part of the performance management program, and key responsibilities are not all documented in job descriptions. Management has begun work to formalize these roles and update the website to include key financial positions.</p>	
2021072	7/1/2021	Coronavirus Aid, Relief, and Economic Security (CARES) Act	<p>The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal economic stimulus bill passed by Congress and signed into law on March 27, 2020, in response to the COVID-19 pandemic. The CARES Act established the Higher Education Emergency Relief Fund (HEERF), which provides funds for institutions of higher education to prevent, prepare for, and respond to Coronavirus. The CARES Act also established the Public Health and Social Services Emergency Fund, which provides Provider Relief Funds to eligible healthcare providers to prevent, prepare for, and respond to Coronavirus. Texas Tech University Health Sciences Center El Paso (TTUHSC El Paso) was awarded \$450,802 in HEERF funding and \$1,497,717 in Provider Relief Funds in calendar year 2020.</p> <p>Guidance regarding how CARES Act funds could be utilized was changing at a rapid pace immediately following the passage of the CARES Act. TTUHSC El Paso made a good faith effort to comply with the intent of the CARES Act and to make emergency financial aid grants available to students as quickly as possible. In addition, funds were used for educational simulation equipment, online instructional course design training, software, and online learning costs. Minority Serving Institution (MSI) Portion funds were used for personal protective equipment costs. Provider Relief Funds were primarily used for payroll and temporary employment agency expenses, medical supply costs, and COVID-19 and telehealth awareness program costs.</p> <p>Overall, students who received CARES Act emergency financial aid grants were eligible to receive such grants.</p>	<p>Incomplete/ongoing</p> <p>All reporting inaccuracies with the exception of the annual report have been corrected. Management will address the annual report inaccuracies in the next annual report submission.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Expenditures funded by Institutional Portion funds, MSI Portion funds, and Provider Relief Funds were allowable and documented. Finally, with few exceptions, information included in CARES Act HEERF reports was accurate and timely. Management agreed with the recommendation to amend reports as applicable.	

Audits Completed

Angelo State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2020033	12/1/2020	Contracting Office	The objective of this audit was to evaluate whether the Contracting Office's vendor selection processes effectively and efficiently facilitate compliance with select state contracting laws, the TTUS Contract Management Handbook provisions, and institutional operating policies and procedures. The Contracting Office has not implemented processes, in some cases, to facilitate compliance with select laws, provisions, and policies pertaining to vendor selection. Additionally, the Contracting Office has not documented internal policies and procedures to help preserve continuity of operations. Finally, while auditors identified some opportunities to increase vendor selection process efficiency, the opportunities noted will be addressed through the ongoing implementation of a comprehensive contract database, and as such, were not included in this report. Management agreed with the recommendations and has begun implementation.	Incomplete/ongoing The recommendations regarding respondent evaluation and HUB opportunities have been implemented, but the remaining recommendations involving policies and procedures, conflicts of interest, and contract review team oversight are in progress.
2021020	2/15/2021	Carr Scholarship Foundation 2020 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, 2020. The auditor issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Finally, the auditors did not note internal control or other deficiencies during the audit, and therefore did not issue a management letter.	No recommendations to implement.
2021031	3/25/2021	Student Billing Processes	The objectives of this audit were to evaluate controls for student refunds, exemptions, and waivers; to determine if system access to student account data is limited to individuals with a business need; and to benchmark the timing of the University's initial billing for incoming students against peer institutions. Auditors concluded the University has implemented automation within student billing processes and	Incomplete/ongoing Recommendations involving manually posted refunds, credit card refunds, operating policy updates, exemption and waivers list, and Banner access

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>established limited controls over tuition and fee refunds and the application of exemptions and waivers. The University's initial billing timeline for incoming students also aligns with best practice and is comparable to the timing of initial billings of four of six responsive peer institutions. However, critical processes remain extensively manual and, when combined with existing control weaknesses, are susceptible to fraud and error and impede the timely disbursement of refunds to students. Auditors identified opportunities to increase automation for check and credit card refunds and exemption renewals, as well as opportunities to strengthen controls over exemptions and waivers to ensure each is merited and applied to the correct student. Additionally, Banner system access related to student billing processes is not limited to individuals with a business need and, in some instances, is not fully segregated. Management agreed and has begun the implementation of process improvements.</p>	<p>are pending verification by the Office of Audit Services. Three other recommendations involving refund checks, exemption process controls and automation are not yet due.</p>
2021021	5/12/2021	ASU Foundation, Inc. 2020 Financial Statements	<p>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, 2020. The auditor issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Finally, the auditors did not note internal control or other deficiencies during the audit, and therefore did not issue a management letter.</p>	<p>No recommendations to implement.</p>
2021047	6/15/2021	Internal Research Grant Financial Compliance	<p>The audit objectives were to evaluate financial compliance of internal research grant awards and the effectiveness of related controls, and to evaluate the utilization of research grant awards. The University has implemented financial controls over Faculty Research Enhancement Program (FREP) grants. The grants audited were utilized in compliance with state regulations and institutional policies, and expenditures were reasonable based on the grants' scope of work. The full utilization of grant funds in fiscal year 2020 was impacted by</p>	<p>Implemented</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>COVID-19 as faculty were unable to complete research as originally planned. Management agreed with auditors' recommendations to formally document the internal procedures for developing and approving FREP grant budgets, reviewing and processing budget adjustments, reconciling grant accounts, and performing other monitoring activities.</p>	
2021073	6/23/2021	Coronavirus Aid, Relief, and Economic Security (CARES) Act	<p>The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal economic stimulus bill passed by Congress and signed into law on March 27, 2020, in response to the COVID-19 pandemic. The CARES Act established the Higher Education Emergency Relief Fund (HEERF), which provides funds for institutions of higher education to prevent, prepare for, and respond to Coronavirus. Angelo State University (ASU) was initially awarded \$6,829,636 in CARES Act HEERF funding in spring/early summer 2020, with an additional \$4,018 in Minority Serving Institution (MSI) funds awarded in October 2020.</p> <p>Guidance regarding how CARES Act funds could be utilized was changing at a rapid pace immediately following the passage of the CARES Act. ASU made a good faith effort to comply with the intent of the CARES Act and to make emergency financial aid grants available to students as quickly as possible. In addition, funds were used for housing, dining, and distance education technology fee refunds; tutoring services costs; personal protective equipment costs; sanitation supply costs; COVID related signage and printed material costs; information technology hardware, software, and licensing costs; and study abroad deposit refunds.</p> <p>With relatively few exceptions, students who received CARES Act emergency financial aid grants were eligible to receive such grants; expenditures funded by Institutional and MSI Portion funds were allowable and documented; and information in CARES Act reports was accurate and timely.</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Management agreed with the recommendations to transfer ineligible or unallowable transactions to other sources of funding, to amend reports as applicable, and to change the methodology for accounting for CARES Act expenditures.	

Consulting Engagements Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2021039	3/11/2021	Intercollegiate Athletics Financial Activity and Controls	<p>The Angelo State University (ASU) President requested this management advisory engagement to determine how Intercollegiate Athletics utilizes available funding and to determine if ASU Intercollegiate Athletics' internal control structure is effective and provides reasonable assurance to the safeguarding of assets, compliance with governing regulations, and reliability of financial information. Intercollegiate Athletics is funded through the Athletic Fee and allocations from both Designated Tuition and the Student Services Fee. Intercollegiate Athletics also receives donor gifts through the ASU Foundation and Ram Club to support operations and sport-specific activities. The review of financial activity confirmed that Intercollegiate Athletics does not receive additional financial support from the President's Office.</p> <p>Intercollegiate Athletics has implemented foundational controls, including segregation of duties, over approvals and authorizations, safeguarding of cash and assets, and compliance with institutional policies and procedures. Data analytics applied to financial transactions did not identify potential fraud, waste, or abuse. Athletics management is also monitoring financial activities, including the use of university-paid procurement and travel credit cards. Opportunities for improvement related to maintaining departmental policies and procedures and monitoring sport-specific inventory tracking procedures were communicated to Intercollegiate Athletics management.</p>	<p>Incomplete/ongoing</p> <p>Recommendations were made to Intercollegiate Athletics management. The recommendation regarding departmental policies and procedures has been implemented. The recommendation regarding inventory tracking procedures is not yet due.</p>
N/A	3/17/2021	Extra Compensation on Sponsored Projects	<p>At the request of TTU Accounting Services management, auditors designed and executed data analytics to identify circumstances that could indicate extra compensation charged to sponsored projects may not comply with 2 CFR 200 – <i>Uniform Administrative Requirements, Cost Principles, and</i></p>	<p>Implemented</p> <p>The Office of Audit Services will run these analytics on a fiscal year basis and provide</p>

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p><i>Audit Requirements for Federal Awards</i> (Uniform Guidance) or TTU Operating Policy and Procedure 70.16, Compensation in Excess of Base Salary (OP 70.16). Specifically, analytics were designed to identify instances where principal investigators received extra compensation, individuals received extra compensation for providing consulting services within their home department, or individuals received extra compensation for three consecutive months or more. Overall, no principal investigators received extra compensation, and auditors did not identify significant extra compensation payments to employees within their home departments. However, auditors noted the duration of certain extra compensation charges may indicate non-compliance with Uniform Guidance and/or OP 70.16. Accounting Services plans to work with the involved departments to ensure extra compensation consistently charged to sponsored projects is appropriate.</p>	<p>results to Accounting Services and other applicable parties.</p>
2021035	7/23/2021	<p>Jerry H. Hodge School of Pharmacy External Consulting Engagement</p>	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>In response to issues cited in a report from our office issued February 17, 2021, TTUHSC engaged ReNue Apothecary to perform an on-site review of pharmacy operations and management. At the request of the TTUHSC President's Office, auditors shadowed ReNue in its review of the Lubbock and Amarillo pharmacy locations. ReNue confirmed the audit report issues, and provided information on a number of other operational and compliance matters. Management agreed with ReNue's recommendations to consider a new pharmacy operating system, cross-train staff members, and improve security of physical locations, drug inventory access, control processes, and prescription processing procedures.</p>	<p>Incomplete/ongoing</p> <p>TTUHSC management will provide updates to OAS on implementation activities and status to ensure recommendations from both the OAS audit and ReNue Apothecary's engagement are implemented.</p>

Contracting Audits Completed

Texas Government Code, Section 2261.258, requires the State Auditor’s Office to assign contract monitoring ratings each fiscal year to the 25 largest state agencies as determined by the Legislative Budget Board. The rating is based on a variety of factors, including the results of contracting-related audits 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 (2017-2021).

Of the Texas Tech University System institutions, Texas Tech University, Texas Tech University Health Sciences Center, and Texas Tech University Health Sciences Center El Paso are included in the 25 largest state agencies in fiscal year 2021. The tables below list audit engagements related to contracts and contract processes and controls completed in the last five fiscal years for these institutions.

Texas Tech University

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2021	N/A	5/19/2021	TTUS Closeout Construction Costs – TTU Weeks Hall	Implemented
2021	2021004	7/22/2021	Contracting and Procurement Processes	Incomplete/ongoing – Policy inconsistencies will be followed up on in the fiscal year 2022 contracting and procurement processes audit. All other recommendations related to LBB reporting and Board of Regents reporting are pending verification by the Office of Audit Services.
2020	2019036	9/20/2019	College of Education	Implemented
2020	2019050	10/29/2019	Costa Rica Campus	Incomplete/ongoing – A contract amendment that will address payment timeliness is in progress.

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2020	2019022a	12/6/2019	Office of Investments	Incomplete/ongoing – The Office of Audit Services is awaiting an update from management on the last outstanding recommendation regarding conflict of interest disclosures.
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	Implemented
2020	2020048	7/6/2020	University Interscholastic League Office	Incomplete/ongoing – The last remaining recommendation regarding written contracts is pending verification by the Office of Audit Services.
2020	2020004	7/23/2020	Contracting and Procurement Processes	Implemented
2020	2020074	7/23/2020	Texas Tech Equestrian Center Special	Incomplete/ongoing – Recommendations regarding equine boarding and facility use agreements and self-help projects have been implemented. The last recommendation regarding cash handling processes is in progress.
2020	2020036	7/24/2020	Transportation & Parking Services	Incomplete/ongoing – All recommendations have been implemented with the exception of vendor management processes and

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
				departmental reconciliation processes, which are pending verification by the Office of Audit Services.
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
2019	2019004	7/29/2019	Contracting and Procurement Processes	Implemented
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
2017	N/A	7/12/2017	Construction Project Expenses – TTU Rawls College of Business Addition	Implemented
2017	2017004	7/27/2017	Contracting and Procurement Policies	No recommendations to implement.

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2017	2017071	6/20/2017	Rawls College of Business Vendor Special Review	Implemented
2017	2017073	6/22/2017	Athletics Game Day Merchandising Contract	Implemented

Contracting Audits Completed

Texas Tech University Health Sciences Center

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2021	2020049	11/11/2020	Lubbock Department of Pediatrics	Incomplete/ongoing – The cash handling and contract management recommendations are pending verification by the Office of Audit Services.
2021	2021017	7/6/2021	Correctional Managed Health Care Contract	Incomplete/ongoing – The recommendation surrounding inventory processes is not yet due.
2021	2021004	7/22/2021	Contracting and Procurement Processes	Incomplete/ongoing – Policy inconsistencies will be followed up on in the fiscal year 2022 contracting and procurement processes audit. All other recommendations related to LBB reporting and Board of Regents reporting are pending verification by the Office of Audit Services.
2020	N/A	10/8/2019	TTUS Closeout Construction Costs – TTUHSC Permian Basin Academic Facility	Implemented
2020	2019022a	12/6/2019	Office of Investments	Incomplete/ongoing – The Office of Audit Services is awaiting an update from management on the last outstanding recommendation regarding conflict of interest disclosures.
2020	N/A	5/4/2020	TTUS Closeout Construction Costs – TTUHSC Lubbock Education, Research & Technology + West Expansion	Implemented

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2020	2020040	7/22/2020	School of Nursing	Implemented
2020	2020004	7/23/2020	Contracting and Procurement Processes	Implemented
2020	2019027	7/23/2020	Department of Ophthalmology EMR Migration and Implementation Review	No recommendations to implement.
2019	2019015	6/26/2019	Correctional Managed Health Care	Incomplete/ongoing – Pending verification by the Office of Audit Services.
2019	2019004	7/29/2019	Contracting and Procurement Processes	Implemented
2018	2017015	10/19/2017	Correctional Managed Health Care Contract	Implemented
2018	2017040	3/5/2018	Collection Agency Processes	No recommendations to implement.
2018	2018017	5/7/2018	Correctional Managed Health Care Contract	Implemented
2018	2018043	7/16/2018	Department of Family and Community Medicine	Implemented
2018	2018004	7/27/2018	Contracting and Procurement Processes	Implemented
2017	2016047	11/14/2016	Payor Provider Relations	Implemented
2017	2017039a	2/23/2017	Department of Pediatrics	Implemented

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2017	2017004	7/27/2017	Contracting and Procurement Policies	No recommendations to implement.

Contracting Audits Completed

Texas Tech University Health Sciences Center El Paso

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2021	N/A	3/19/2021	TTUS Closeout Construction Costs – TTUHSC EP Medical Science Building II and Dental Learning Center	Incomplete/ongoing – Resolution of the findings may be impacted by potential litigation related to the construction project.
2021	N/A	6/23/2021	TTUS Closeout Construction Costs – TTUHSC EP Dental Oral Health Clinic	Implemented
2021	2021004	7/22/2021	Contracting and Procurement Processes	Incomplete/ongoing – Policy inconsistencies will be followed up on in the fiscal year 2022 contracting and procurement processes audit. All other recommendations related to LBB reporting and Board of Regents reporting are pending verification by the Office of Audit Services.
2020	2019089	11/18/2019	Department of Neurology	Incomplete/ongoing – Recommendations involving cash handling have been verified as implemented. The one remaining recommendation regarding external reports is pending verification by the Office of Audit Services.
2020	2019022a	12/6/2019	Office of Investments	Incomplete/ongoing – The Office of Audit Services is awaiting an update from management on the last outstanding recommendation

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
				regarding conflict of interest disclosures.
2020	2019082	4/24/2020	Medical Services Agreement Billing Review	Incomplete/ongoing – This recommendation is pending an update from senior management.
2020	2019087	6/4/2020	Heating, Ventilation, and Air Conditioning (HVAC) Vendor Contract Review	Implemented
2020	2020004	7/23/2020	Contracting and Procurement Processes	Implemented
2019	2019078	12/20/2018	Department of Emergency Medicine Contract Billing Processes	No recommendations to implement.
2019	2019054	3/19/2019	Library Cash Controls	Implemented
2019	2019030	4/9/2019	Transmountain Clinical Practice Business Processes	Incomplete/ongoing – Several recommendations have been verified as implemented. The last two remaining recommendations are pending verification by the Office of Audit Services.
2019	2019045	7/22/2019	Department of Emergency Medicine	Incomplete/ongoing – Several recommendations have been verified as implemented. The two remaining recommendations are pending verification by the Office of Audit Services.
2019	2019004	7/29/2019	Contracting and Procurement Processes	Implemented

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2018	2017054	10/3/2017	Department of Pathology	Implemented
2018	2017030	10/19/2017	Contract Management Processes	Implemented
2018	2018004	7/27/2018	Contracting and Procurement Processes	Implemented
2017	2016076a	2/14/2017	Special Review of Executive Expenses	Implemented
2017	2017004	7/27/2017	Contracting and Procurement Policies	No recommendations to implement.

External Quality Assurance Review

Our most recent external quality assurance review, dated July 13, 2021, 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 2024.

External Quality Assurance Review



Texas Tech Office of Audit Services

Internal Quality Assessment with External Validation

Issued: July 13, 2021

July 13, 2021

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

Dear Ms. Turner:

In June 2021, the Office of Audit Services (OAS) at the Texas Tech University System completed a self-assessment of internal audit activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). Upon consultation and agreement by the Audit Committee of the Board of Regents, the OAS conducted a self-assessment of its internal audit activity and selected an external assessment team comprised of audit and risk executives from peer institutions to conduct a validation of the OAS's self-assessment.

The primary objective of the validation was to verify the assertions made in the QAR report concerning the OAS's conformity to the IIA's *International Standards for the Professional Practice of Internal Auditing* (the IIA *Standards*), the IIA Code of Ethics, U.S. Government Accountability Office Government Auditing Standards (GAGAS), and the additional standards imposed by the Texas Internal Auditing Act (Texas Government Code, Chapter 2102) in all material respects during the period under review.

The IIA's *Quality Assessment Manual* suggests a scale of three ratings: "generally conforms," "partially conforms," and "does not conform." "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the IIA *Standards*. "Partially conforms" means deficiencies in practice are noted that are judged to deviate from the IIA *Standards*, but these deficiencies did not preclude the OAS activity from performing its responsibilities in an acceptable manner. "Does not conform" means deficiencies are judged to be so significant as to seriously impair or preclude the OAS activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by the OAS, we agree with the OAS's overall conclusion that the internal audit function "**Generally Conforms**" with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, the IIA Code of Ethics, and GAGAS. Our review noted strengths and key accomplishments since the last external review as well as opportunities for enhancing the internal audit function.

Sincerely,

John W. McDaniel
University of Alabama System

Pam Dunleavy
University of South Carolina

Michelle Finley
Oklahoma A & M Board of Regents

James Dillon
University of Colorado

Other Value-Added Activities

Service to Texas Tech University System and Component Institutions

Activity	Impact
Served as Values Culture Ambassadors, Communications Team Leader, Values Ambassadors Team Vice Chairman, and Executive Sponsor	Contributed to the establishment of a set of shared values for Texas Tech University System Administration 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
Served 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 Advisory Board	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 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
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 employees	Heightened the awareness of fraud indicators, strengthened fraud prevention efforts, and contributed to an ethical environment

Other Value-Added Activities

Presented control environment and cash controls training for ASU employees	Heightened the awareness of the need for a strong control environment and presented specific best practices related to cash controls
Facilitated ethics and fraud discussions at TTU new employee orientation events	Increased new employees' understanding of the ethics and fraud policies 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 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 Secretary of the Texas Association of College & University Auditors (TACUA)	Contributed to the profession of internal auditing and strengthened knowledge base
Served as Treasurer and Director, and President Elect of the South Plains Chapter of Texas Society of CPAs (TXCPA)	Contributed to the accounting profession and strengthened knowledge base
Served as the Vice President, 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
Served as the Founding President, President, and board member of the El Paso Chapter of Certified Fraud Examiners	Strengthened professional commitments and knowledge base while providing relevant, local continuing professional education opportunities
Served as Past-President of the El Paso Chapter of the IIA	Strengthened professional commitments and knowledge base while providing relevant, local continuing professional education opportunities
Presented training sessions for ACUA	Contributed to the profession of internal auditing and strengthened knowledge base
Attended IIA Leadership training	Strengthened professional commitments and knowledge base

Other Value-Added Activities

Participated in external quality assurance reviews at Midwestern State University, University System of Georgia, and Texas A&M University System

Strengthened professional commitments and knowledge base

Professional Service to the Community

Activity

Impact

Served as Secretary 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 and Vice Chair of Planning & Finance Committee

Reinforced community relationships and strengthened professional commitments and knowledge base

Annual Plan for Fiscal Year 2022

The annual audit plan for Texas Tech University System for the year ending August 31, 2022, was approved by the Audit Committee of the Board of Regents on August 5, 2021. The annual audit plan includes planned engagements for Midwestern State University (MSU) as MSU became the fifth component institution of the Texas Tech University System on September 1, 2021.

The 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 52 planned engagements included in the annual plan. The planned engagements include audits to address the various types of risks, including risks associated with federal stimulus funding, contract management, and information technology.

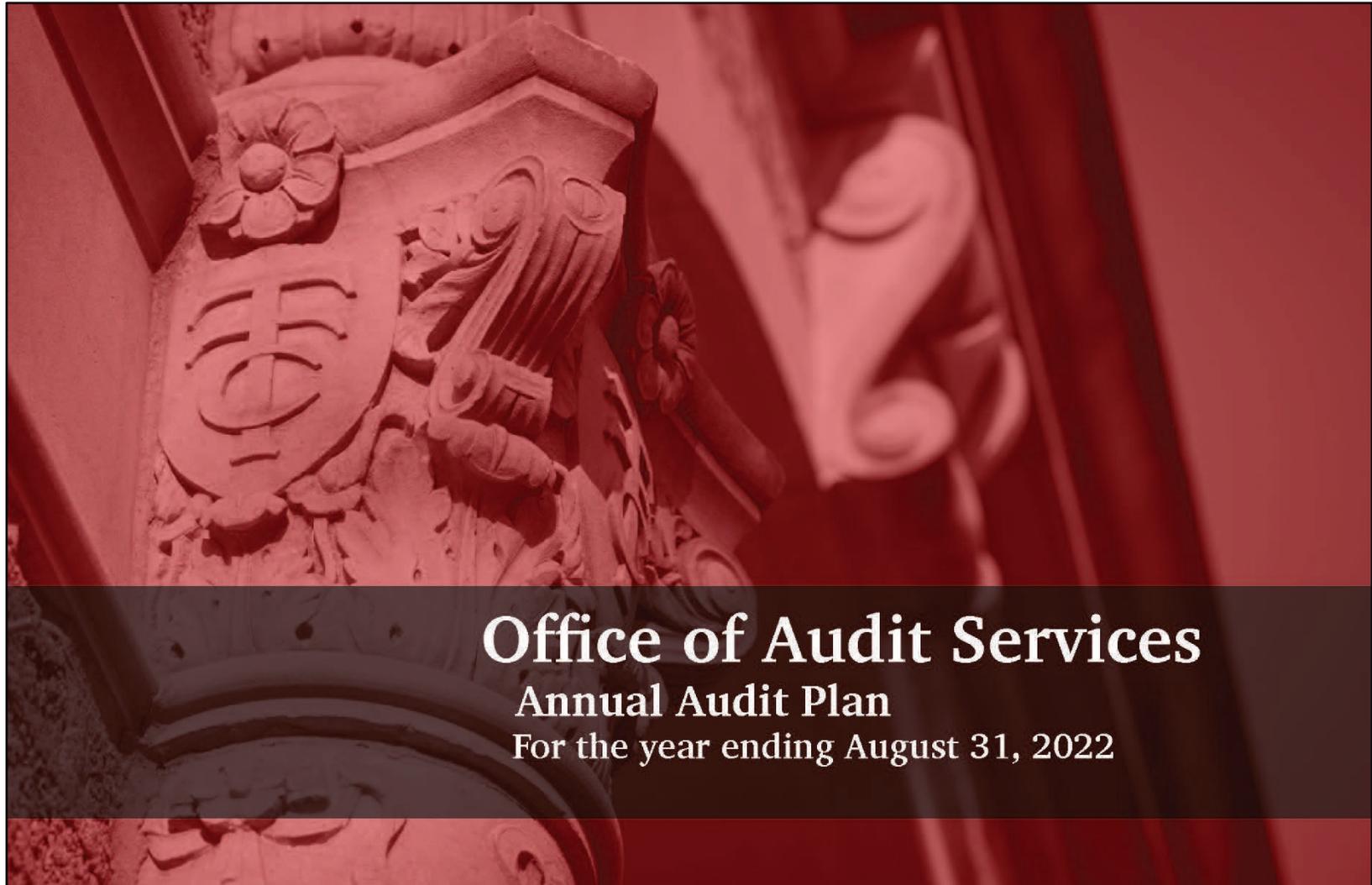
Rider 8, page III-46, the General Appropriations Act (87th Legislature) requires higher education institutions to conduct an internal audit of benefits proportional by method of finance for fiscal years 2019 through 2021 using a methodology approved by the State Auditor's Office. The audit is required to be completed no later than August 31, 2022. The Office of Audit Services at Texas Tech University System completed an audit of benefits proportional by fund (#2020005) on July 7, 2020, which included fiscal year 2019. That audit was submitted to the Legislative Budget Board, Comptroller of Public Accounts, and Texas State Auditor's Office as required. The fiscal year 2022 annual audit plan includes an audit of benefits proportional by method of finance for fiscal years 2020 and 2021 (and fiscal year 2019 for MSU if not already audited). The audit methodology will be verified with the State Auditor's Office, and the audit will be completed by the required date.

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 2022 is included on the following pages.

Annual Plan for Fiscal Year 2022



Office of Audit Services
Annual Audit Plan
For the year ending August 31, 2022

Annual Plan for Fiscal Year 2022



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Annual Plan for Fiscal Year 2022



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 institutions. 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 and through other risk identification processes, management of each institution provided risk information related to

Annual Plan for Fiscal Year 2022

(Risk Assessment Process continued)

strategic goals and operational processes of the institutions.

The Office of Audit Services also provided input into the risk assessment process for the institutions 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.

Audit standards also require the chief audit executive to inform the board of risks not addressed because of resource constraints. High risks not covered in the fiscal year 2022 annual audit plan fall into these categories: accreditation, campus safety & security, cybersecurity, data management, emergency preparedness, employee recruitment & retention, enrollment management, governance, and regulatory compliance.

Annual Plan for Fiscal Year 2022

Allocation of Time

Our staff consists of 18 audit professionals. After consideration of estimated time for office administration, holidays, and annual leave, we determined our allocable chargeable time to be approximately 24,060 hours.

Type of Service	Total	% of Total	Description
Risk-Based Engagements			
Assurance	11,729	49%	Audits of operations and processes to address identified risks
Management Advisory and Consulting	1,643	7%	Consulting engagements requested or identified
Follow-Up	1,060	4%	Follow-up on management action plans from prior audits
Required Engagements	1,900	8%	Engagements required by statute, external entities, policies, etc.
Investigations	3,500	15%	Hours reserved for investigations, hotline complaints, and special projects
Other Value-Added Work			
Service to Institutions	1,093	5%	Institutional committees, conducting campus training, data analytics, etc.
Service to the Profession	600	3%	Service in professional organizations and on peer review teams
OAS Operations and Staff Development	2,535	11%	Annual audit plan and report, quality assurance and improvement program, continuing professional education, strategic initiatives
	24,060	100%	

Annual Plan for Fiscal Year 2022



Planned Engagements

Texas Tech University

Texas Higher Education Coordinating Board Facilities Audit	Compliance
Athletics Financial Agreed-Upon Procedures	Financial (assist)
Texas Tech Public Media Financial Statements	Financial (assist)
Football Attendance Certification	Compliance
Intercollegiate Athletics	Operational/Compliance
College of Agricultural Sciences and Natural Resources Business Processes	Controls
Institutional Reporting Processes	Controls
Federal Stimulus Funds	Financial/Compliance
Certified Cost Rehabilitation Report - Drane Hall	Financial/Compliance
Certified Cost Rehabilitation Report - Chemistry Building	Financial/Compliance
School of Veterinary Medicine Business Processes	Controls
Blackboard Application Security and Controls Review	IT Security/Controls

Annual Plan for Fiscal Year 2022

Texas Tech University Health Sciences Center

Correctional Managed Health Care Contract	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance
School of Health Professions Business Processes	Controls
Provost's Office	Management Advisory
Permian Basin Campus Departments	Financial/Operational
Telehealth Information Technology Controls	IT Security/Controls
Federal Stimulus Funds	Financial/Compliance
Clinical Research Institute	Financial/Compliance

Annual Plan for Fiscal Year 2022

Texas Tech University Health Sciences Center El Paso

Student Financial Aid Program	Compliance (assist)
Institutional Advancement Deposit Processes	Management Advisory
Institutional Reporting Processes	IT Controls/Operational
Federal Stimulus Funds	Financial/Compliance
PCI DSS Compliance	IT/Compliance
Dental Oral Health Clinic Financial Processes	Controls
Information Technology Division Business Processes	Controls
Academic Health Plan Compliance	Management Advisory

Annual Plan for Fiscal Year 2022

Angelo State University

Carr Foundation Financial Statements	Financial (assist)
ASU Foundation, Inc. Financial Statements	Financial (assist)
Conflict of Interest Processes	Controls/Compliance
Federal Stimulus Funds	Financial/Compliance
Research Safety	Operational/Governance
Salesforce Application Security and Controls	IT Security/Controls
Porter Henderson Library	Operational/Controls
State Financial Aid Grant Compliance	Compliance

Annual Plan for Fiscal Year 2022

Midwestern State University

Financial Statement Review for SACSCOC Reaffirmation	External (assist)
Admissions	Operational/Compliance
Federal Stimulus Funds	Financial/Compliance
PCI DSS Compliance	IT/Compliance
Payroll Processes and Controls	Operational/Compliance
President's Office Processes and Controls	Operational/Compliance
Wichita Falls Museum of Art at MSU	Management Advisory
Electronic Communications Acceptable Use	Management Advisory

Annual Plan for Fiscal Year 2022

Texas Tech University System & Components

Banner Vendor Table Processes	Controls
Underutilized Endowments	Financial/Compliance
JP Morgan Chase Financial Process Implementation	Management Advisory
Construction Audits	External Audit
Contracting and Procurement Processes	Compliance
Benefits Proportional by Fund	Compliance
State Auditor's Office, THECB, and Comptroller's Office Misc. Projects	Miscellaneous (assist)
CPRIT Grant Funds	Financial/Compliance (assist)
Texas Tech Foundation, Inc. Financial Statements	Financial (assist)
Regents, Chancellor, and Presidents Travel and Other Expenses	Compliance (assist)

Annual Plan for Fiscal Year 2022



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 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 2022

(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.

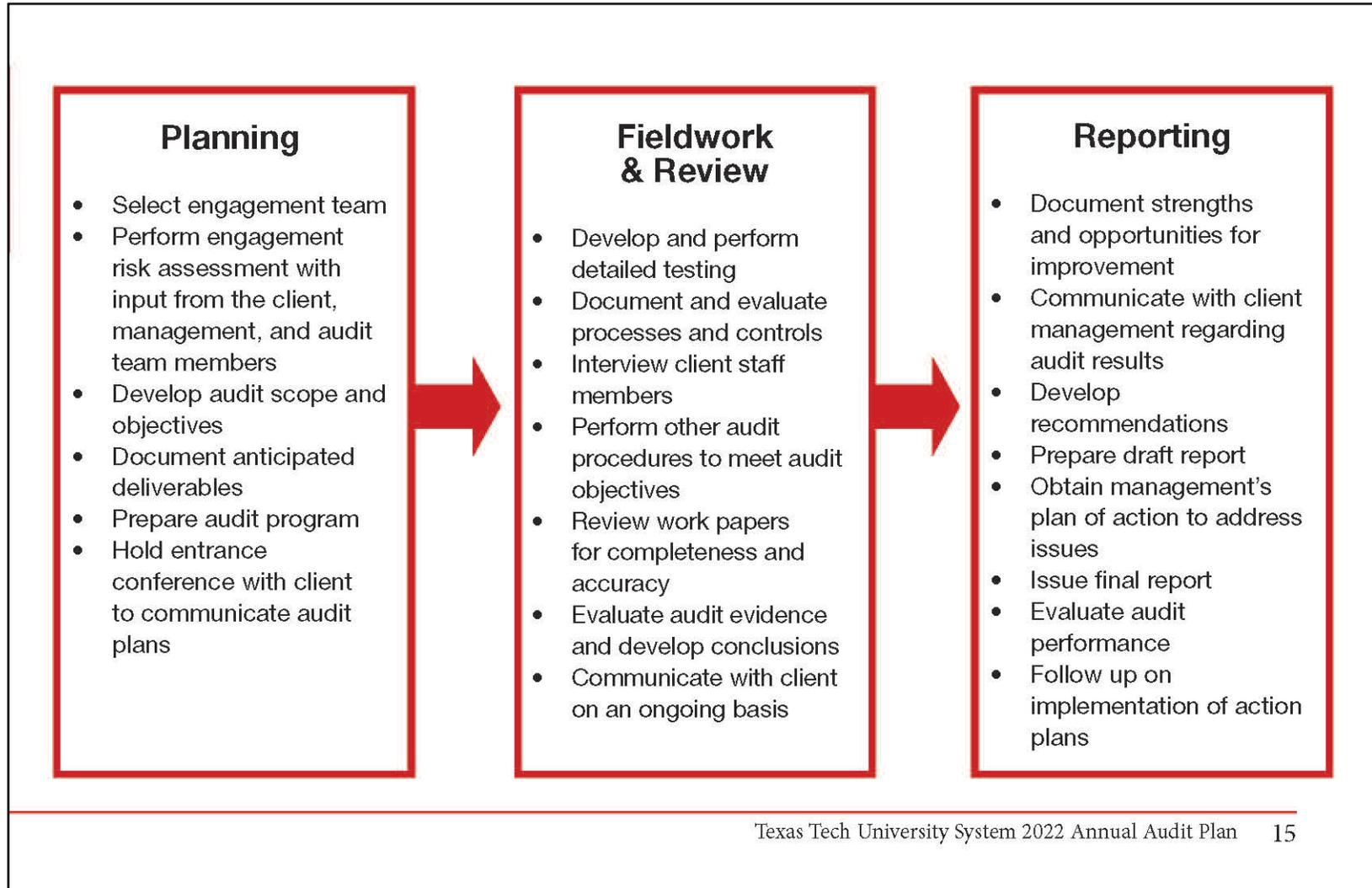
The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017), pp 54-55

Annual Plan for Fiscal Year 2022



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 2022



Annual Plan for Fiscal Year 2022



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 2022

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 internally and externally imposed engagement deadlines.
- Effectively utilize resources.

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 Weeks Hall Renovation TTUHSC-EP Medical Sciences Building II TTUHSC-EP Dental Oral Health Clinic ASU Museum	R.L. Townsend & Associates, LLC RSM US LLP CBIZ Risk & Advisory Services CBIZ Risk & Advisory Services
Texas Tech University	Texas Tech Public Media Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Intercollegiate Athletics Agreed-Upon Procedures	BKD, LLP
Texas Tech University Health Sciences Center	Student Financial Aid Program	Baker Tilly Virchow Krause, LLP
Texas Tech University Health Sciences Center	Jerry H. Hodge School of Pharmacy External Consulting Engagement	ReNue Apothecary
Texas Tech University Health Sciences Center El Paso	Student Financial Aid Program	Belt Harris Pechacek, LLLP
Angelo State University	ASU Foundation, Inc. Financial Statement Audit	Armstrong, Backus & Co., LLP

External Audit Services

Angelo State University

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

Bolinger, Segars, Gilbert & Moss, 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)
- Fraud Reporting. Article IX, Section 7.09, the General Appropriations Act (87th 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, Texas Tech University System Regulation 08.01, Office of Audit Services Communication and Operations, states the Chief Audit Executive will notify the State Auditor's Office of suspected fraudulent activity. Lastly, 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.ttuhs.edu, www.elpaso.ttuhs.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.