

**Texas Tech University System
Statutorily Required Reports
Internal Audit Annual Report – Fiscal Year 2002**

ANNUAL REPORT

For the Year Ending August 31, 2002

October 26, 2002

The Honorable Rick Perry, Governor
Members of the Legislative Budget Board
State Auditor's Office

This report fulfills the requirements set out in V.T.C.A., Government, Chapter 2102, Internal Auditing, Sec. 2102.009. ANNUAL REPORT. The report enumerates the activities of the Office of Internal Audit and

consulting of Texas Tech University System. It provides information of our audit plan, a copy of our most recent peer review, a list of completed audits, and a list of our other activities. Our work was directed toward reliability of information, compliance with laws and regulations, safeguarding of assets, the economic and efficient use of resources, and the reported results of operations or programs.

We believe the work of our office has contributed to the efficient and effective operation of Texas Tech University System. During the year ended August 31, 2002, we completed 28 audits.

For further information about the contents of this report or any internal audit report mentioned herein, please contact us.

Sincerely yours,

Frances E. Grogan, CPA
Managing Director
Internal Audit and Consulting

copies: Members of the Board of Regents
Dr. David Smith, Chancellor
Texas Tech University System
Dr. David Schmidly, President
Texas Tech University
Mr. Elmo Cavin, Interim President
Texas Tech University Health Sciences Center
Sunset Advisory Commission
State Auditor's Office
Legislative Budget Board

**Texas Tech University
Texas Tech University Health Sciences Center
Internal Audit Annual Report for Fiscal Year 2002**

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**Texas Tech University
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I. AUDIT PLAN 2002

The annual audit plan for Texas Tech University System for the year ending August 31, 2002, was approved by the Chancellor and Chairman of the Finance and Administration Committee of the Board of Regents on November 2, 2001. Of the forty audits planned, eighteen were completed, eight were in progress at year-end, eleven were carried over to FY 2003, and three were cancelled. A full copy of our audit plan for fiscal year 2002 is attached (Appendix A).

During the year, sixteen unscheduled audits were initiated. Nine were completed and reported. Seven were in progress at year-end. One special investigation brought forward from FY 2001 was still in progress at August 31, 2002. Outcomes of this investigation included a first-degree felony indictment and a \$535,000 insurance claim. Another special investigation culminated in a second-degree felony indictment and a \$60,000 insurance claim. These investigations have been significant in both time commitment and fiscal materiality. They have also resulted in major revisions of policies, procedures and personnel in the departments involved and in departments with similar activities. The Texas Tech University System Office of Internal Audit and Consulting has worked with the management in a consulting role to effect the necessary policy, procedure and personnel changes.

Deviations from the annual plan for the year ended August 31, 2002, included the following three canceled audits:

- TTUS – OP Management
- TTU – The Student Managed Investment Fund
- TTU – Management Review Of the President's Office

There were fourteen audits on the plan that were not initiated during the year because of the necessary reallocation of resources to the two intensive special investigations mentioned above. This reallocation was done with the approval of the Finance Committee of the Board of Regents. Audits on the plan for FY 2002 which were not begun were reevaluated in the annual risk assessment for FY 2003. The risk level of the three audits listed above were no longer considered to be high in the audit universe and were therefore not carried over into FY 2003. Eleven of the audit areas were still deemed to be of significant risk and were included in the audit plan for FY 2003.

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II. Peer Review Report

Our most recent peer review, dated August 20, 1999, indicates that the Office of Internal Audit of Texas Tech University and Texas Tech University Health Sciences Center complied with the *IIA Standards for the Professional Practice of Internal Audit* for the period reviewed. A copy of the report is attached. (Appendix B) Our next peer review will be conducted in early FY 2003.

III. List of Audits Completed Showing High-Level Objectives, Observations/Findings, Recommendations, and Status

Report No.	Report Date	Name of Report	High -Level Audit Objectives	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented)	Fiscal Impact/ Other Impact
2002023	2/28/01	THECB Residency Grants	To verify the unit is complying with laws, regulations, policies and/or contracts	No Key Findings	N/A	Reduce risks resulting from noncompliance with laws
2002020	2/28/01	Statewide Single Audit-Bonds Payable	To assist external Auditors in conducting their annual financial audit	State Auditor Assistance	N/A	Conserve institutional resources by reducing audit fees paid
2002019	11/1/01	Athletic Department Financial-External	To assist external auditors in conducting their annual financial audit	External Assist/ Financial/No Findings		Conserve institutional resources by reducing audit fees paid
2001028	11/1/01	Cash & Investments Year End	To ascertain that controls are in place and working to safeguard institutional resources To verify the unit is complying with laws, regulations, policies and/or contracts	No Key Findings		Reduce the risk of loss of institutional resources
2001031	11/1/01	Odessa MPIP Business Office	To ascertain that controls are in place and working to safeguard institutional resources To verify the unit is complying with laws, regulations, policies and/or contracts To assess the economic and efficient operation of the unit To verify that the unit is moving toward its own established goals and those of the institution	<ul style="list-style-type: none"> ❑ The Director should develop a mission statement and goals and objectives for the Business Office that supports the School of Medicine and TTUHSC's missions. ❑ The Director should finish the policies and procedures manual, which was originally drafted when the Business Office was centralized. <p>The Director needs to develop a system to review reimbursements and contractual adjustments.</p> <p>Management should develop a system to ensure that the accounts are reconciled on a monthly basis</p>	<p>Implemented</p> <p>In progress</p> <p>Implemented</p>	<p>Reduce the risk of loss of institutional resources</p> <p>Improve customer service</p> <p>Strengthen control environment</p>
2001036	11/1/01	University Food Service (H&D)	To ascertain that controls are in place and working to safeguard institutional resources To verify the unit is complying with laws, regulations, policies	<p>A manager should check in and inspect all vendor deliveries to ensure that items received are of the correct type, quality, and amount.</p> <p>UCFS should purchase back supports to be worn</p>	<p>Implemented</p> <p>Implemented</p>	Reduce the risk of loss of institutional resources

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			and/or contracts To assess the economic and efficient operation of the unit To verify that the unit is moving toward its own established goals and those of the institution	when employees handle loads over 25 pounds. Management should instruct employees as to their proper use and enforce their usage. Senior management should reevaluate and reengineer the functions and responsibilities of UC and UCFS personnel. The focus of the reevaluation and reengineering should be improving customer service and streamlining the event booking process.	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Improve productivity Improve customer service
2001029	11/1/01	Research Services ARP Grant	To ascertain grant compliance	The Principal Investigator had submitted inaccurate information in the final report to the Texas Higher Education Coordinating Board. We recommended repayment of an amount paid the PI but not covered by the grant	Implemented	\$9971 was repaid to TTU by the PI
2001024	12/13/01	Athletics NCAA Compliance-3 Year	To verify the unit is complying with laws, regulations, policies and/or contracts	Athletics should examine the fees and material benefits provided to participants of all Tech coaching clinics to ensure that no other instances have occurred where participants received more than they paid for. Texas Tech should also consider reporting this apparent rules violation, and any others found during the review, to NCAA. In the future, Texas Tech should monitor the fees charged for clinics held by its coaches to ensure that the fees charged to participants fully cover the value of the material benefits provided. RRC should divide the responsibilities related to deposit processing among several employees. Ideally, one employee should open the mail, a second employee should enter the donations on the RRC system, and a third employee should prepare the daily deposit form. First, the head football coach should repay Athletics for the \$4,572 in meal costs for the 2001 clinic. TTU Athletics should reiterate procedures for payment of	All recommendations implemented.	Reduce the risk of athletic sanctions, fines and the resulting loss of revenues

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				<p>camp and clinic expenses with the head football coach, as well as all head coaches holding camps or clinics.</p> <p>TTU, including the Athletic Dining Hall, should not be used to provide services or meals for camps or clinics unless payment will be made within the month. When outside vendors are used for camps or clinics, they should be instructed to address bills to the appropriate head coach rather than to TTU Athletics, as the coach will personally be responsible for payment.</p> <p>Personnel from both Athletic Business Office and Housing and Dining's Athletic Dining Hall should watch for expenses that may be related to camps or clinics and forward such invoices to the appropriate head coach. Additionally, the Athletic Business Office should review expenses of all camps and clinics for FY 2001 to ensure that such expenses have not been paid by the University.</p> <p>TTU Athletics should ensure that only full-time head and assistant football coaches are contacting prospective student-athletes and performing recruiting coordination functions.</p> <p>Texas Tech should also consider self-reporting these apparent rules violations to NCAA.</p> <p>The Texas Tech University Athletics Department should enforce annual leave rules and regulations contained in TTU OPs and coaches' contracts by ensuring that coaches report vacation time as required.</p>	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	
2001045	12/13/01	Cash & Investments- General Fund	<p>To ascertain that controls are in place and working to safeguard institutional resources</p> <p>To verify the unit is complying</p>	<p>We recommend that Financial Accounting and Reporting be timelier in reconciling the general fund bank account. The account should be reconciled monthly, with the August reconciliation completed prior to releasing the AFRs.</p>	In progress	Reduce the risk of loss of institutional resources

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			with laws, regulations, policies and/or contracts	We also recommend the Positive Pay Program be initiated by TTU and TTUHSC on all checking accounts. This program has proven to be instrumental in preventing check fraud at other universities.	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	
2002021	12/13/01	Chancellor and Regent Travel	To ascertain that controls are in place and working to safeguard institutional resources To verify the unit is complying with laws, regulations, policies and/or contracts	External Assist	N/A	Reduce the risk of loss of institutional resources
2002029	12/13/01	El Paso Family Medicine	To ascertain that controls are in place and working to safeguard institutional resources To verify the unit is complying with laws, regulations, policies and/or contracts	Family Medicine should closely monitor the bills received from Communication Services and compare them to the ledgers on a monthly basis to ensure that they are billed appropriately. Family Medicine should ensure that they receive credits from Communications Services for the items that were incorrectly billed fiscal year 2001. The Administrator should continue to work with Communication Services to separate the expenses between the UFPA and FPC accounts.	All recommendations implemented.	Conserve institutional resources by reducing audit fees paid Ensure continued affiliated relationship
2002052	12/13/01	Managed Care Procurement Card Special	To investigate alleged employee fraud	The cardholder is responsible for the appropriate use of the procurement card. As such, the cardholder should: <ul style="list-style-type: none"> <input type="checkbox"/> Maintain control over access to the procurement card. <input type="checkbox"/> Require that detail receipts be submitted to him upon return of the procurement card. <input type="checkbox"/> Review the actual credit card statements from the bank. The charges listed on the statements should be compared to the transaction log as well as the ledger sheets from the appropriate TechFIM account(s). 	All recommendations implemented.	Reduce the risk of loss of institutional resources Turned \$8234.52 fraud case over to law enforcement authorities
2002031	12/13/01	Odessa Internal Medicine	To ascertain that controls are in place and working to safeguard	Management should review cash control policies and procedures with all employees who have access to the	Implemented	Reduce the risk of loss of

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			<p>institutional resources</p> <p>To verify the unit is complying with laws, regulations, policies and/or contracts</p> <p>To assess the economic and efficient operation of the unit</p> <p>To investigate alleged employee fraud</p>	<p>cash drawer in each clinic. Management should follow TTUHSC OP 50.07, Proper Handling of TTUHSC Income, to address the current overage in the Midland Clinic and shortage in the Odessa Clinic.</p> <p>As of November 16, 2001, management has discontinued reimbursing the Nursing Assistant mileage. Management should ensure that future personnel transactions do not include similar arrangements.</p> <p>The Interim Administrator has started the process to document the missing inventory items. Management should report the missing capitalized and non-capitalized items to the Property Inventory Department and the Texas Tech Police by completing the Missing or Stolen Property Report for State Departments, Institutions, and Agencies form.</p> <p>Since October 2001, the Regional Dean has mandated Department Chairs to review all purchase card statements for their department. Additionally, the account manager should review procurement card statements and account ledgers timely.</p>	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>	<p>institutional resources</p> <p>Strengthen control environment</p> <p>Turned \$19,544 fraud case over to law enforcement authorities</p>
2001065	2/2/02	Chancellor's Changeover Procedures	<p>To ascertain that controls are in place and working to safeguard institutional resources</p> <p>To verify the unit is complying with laws, regulations, policies and/or contracts</p>	No Key Findings	N/A	Reduce the risk of loss of institutional resources
2001047	2/28/02	Communication Services	To investigate alleged employee fraud	<p>Management should ensure that all vacation and sick leave is reported timely. Individuals who violate University leave policies should be counseled as to the appropriate procedures.</p> <p>The Department should provide cell phones only to employees that have a legitimate need to conduct</p>	All recommendations implemented.	<p>Reduce the risk of loss of institutional resources</p> <p>Improve productivity</p>

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				<p>University business away from landline phones. Management should ensure that all University cell phone bills, including those to Departmental employees, are distributed timely. Employees who abuse University cell phones by making excessive personal calls should lose their cell phone privileges.</p> <p>Communication Services should enlist the assistance of Property Inventory to ensure all assets are properly tagged and listed in the University's property inventory system. In addition to location, the Department should keep record of employee assignments of portable assets by completing the required forms.</p>	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Improve customer service
2002016	2/28/02	KOHM-FM	To assist external auditors in conducting their annual financial audit	External Assist/ Financial/No findings	N/A	Conserve institutional resources by reducing audit fees paid
2002017	2/28/02	KTXT-TV	To assist external auditors in conducting their annual financial audit	External Assist/ Financial/No findings	N/A	Conserve institutional resources by reducing audit fees paid
2001032	2/28/02	El Paso MPIP Business Office	<p>To ascertain that controls are in place and working to safeguard institutional resources</p> <p>To verify the unit is complying with laws, regulations, policies and/or contracts</p> <p>To assess the economic and efficient operation of the unit</p> <p>To verify that the unit is moving toward its own established goals and those of the institution</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Management should segregate the duties related to cash handling and payment posting in order to prevent concealment of misappropriations. The segregation would require a shift of duties in current positions in the office. Management should determine the best method for ensuring that the same employee does not handle the same group of clinic deposits from the time the clinic delivers the funds until the time the deposit is sent to the bank. <input type="checkbox"/> Management should randomly review deposits to ensure that the deposits are complete. <input type="checkbox"/> Management should require cashiers to take at 	All recommendations implemented.	<p>Strengthen control environment</p> <p>Reduce the risk of loss of institutional resources</p> <p>Improve customer service</p>

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				<p>least one full week of vacation.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Management should ensure that someone other than the depositor follow-up on patient complaints regarding billing. <input type="checkbox"/> Patient receipts should indicate whether the payment was received in cash, check or credit card. <input type="checkbox"/> At least two employees should be scheduled to work during the time the depositor prepares the deposit. 	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	
2001064	5/9/02	Athletic Event Special	To work with the unit to help them effect improvement in their operations	<p>For stadium parking control, full-time Traffic and Parking personnel should be phased out over a three-year period and replaced with University temporary workers. The temporary workers could be comprised mostly of students and will be herein referred to as student workers. In the proposed plan, student workers replace full-time personnel in greater numbers each year.</p> <p>The University Police Department should remain responsible for police duties during University athletic events. The TTPD has a keen knowledge and great experience with University activities and this knowledge cannot be outsourced. The TTPD should be given the option to either continue to charge a flat hourly rate for their services, or process their special event timesheets through the Athletic Business Office and have their payroll be paid directly from an Athletics account.</p> <p>A majority of the positions filled by the TTPD civilian staff during athletic events should be replaced with temporary personnel. Of the twenty to twenty-five civilian TTPD event staff used each game, only three of the positions need to be TTPD employees. These three employees are needed for officer support. The remainder of the positions should be replaced with University temporary workers.</p>	Information on implementation not yet available	Conserve institutional resources by reducing cost of operations

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				<p>The Athletic Department should phase out its dependence on outsourced personnel. Texas Tech has a large number of low-cost, highly-skilled labor available to it which it should draw on to become more efficient. Low labor costs for skilled part-time workers is a core competency in Lubbock and at TTU. Student workers can be employed at about half the cost of outsourced workers and their services can be utilized throughout the year at many special events.</p> <p>The stadium supervisors' job duties should be evaluated to determine if they are all needed for the entire day of the game. Adequate supervision is necessary for the game day operations to function, but stadium supervisors' duties may overlap duties already covered by other personnel.</p> <p>The current student organization employment program is a great effort toward efficiency. The next step in this program is to expand and empower. If HSC and ROTC student groups have done a good job, then encourage other student and area organizations to become involved. Athletics should also empower the organizations they currently use.</p> <p>Game day management needs to reevaluate the need for all technical services on duty. Electricians, plumbers, and elevator technicians are all necessary to service the stadium, but do they need to be on duty all day? Routine stadium service should be performed during the regular workweek and provisions made for off-duty technicians to be on call in case of game day emergencies.</p>	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	
2002056	5/9/02	Pediatrics Cash Shortage	<p>To investigate alleged employee fraud</p> <p>To ascertain that controls are in place and working to safeguard</p>	<p>During our follow-up, we observed two moneybags with \$50.00 each in unlocked drawers in the receptionist's area. The Pediatric Department Administrator and Clinic Services and Coding</p>	Implemented	Reduce the risk of loss of institutional resources

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			institutional resources	<p>Specialist worked with our office to strengthen cash controls. The Administrator was concerned that establishing separate cash bags for the employees would increase the clinic's potential for loss because the clinic would have to manage a larger change fund. Additionally, he said that the clinic would be burdened with the accountability of additional MPIP patient receipts for each bag. Although the Administrator expressed reluctance, he agreed to implement new procedures. New controls include:</p> <ul style="list-style-type: none"> ❑ Four cash drawers in the receptionist's area are equipped with locks. Four employees a day will be assigned cash handling responsibilities and will be assigned a specific drawer. ❑ Employees with cash handling responsibilities will be assigned their own moneybag and will be responsible for reconciling their moneybag when it is removed from the safe and before it is returned to the safe. 	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	<p>Strengthen control environment</p> <p>Turned \$20 fraud case over to law enforcement authorities</p>
2001030	5/9/02	Amarillo Family Medicine	<p>To ascertain that controls are in place and working to safeguard institutional resources</p> <p>To verify the unit is complying with laws, regulations, policies and/or contracts</p> <p>To assess the economic and efficient operation of the unit</p> <p>To verify that the unit is moving toward its own established goals and those of the institution</p>	<p>Management should ensure that each employee is issued a separate cash box for the purpose of making change or that the cash drawer is reconciled when the Cashier goes on breaks and lunch. Patient receipts should be accounted for on a daily basis.</p>	Implemented	<p>Reduce the risk of institutional resources</p> <p>Reduce risks resulting from noncompliance with laws</p>
2001030	5/9/02	Amarillo MPIP Business Office	<p>To ascertain that controls are in place and working to safeguard institutional resources</p> <p>To verify the unit is complying with laws, regulations, policies and/or contracts</p> <p>To assess the economic and efficient operation of the unit</p>	<p>Management should establish a training program for new employees as well as a continuing education program for existing employees.</p> <p>Management should segregate the duties related to cash handling and payment posting.</p> <p>Management should develop and communicate to</p>	All recommendations implemented.	<p>Reduce the risk of loss of institutional resources</p> <p>Improve productivity</p>

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Report No.	Report Date	Name of Report	High –Level Audit Objectives	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented)	Fiscal Impact/ Other Impact
			To verify that the unit is moving toward its own established goals and those of the institution	<p>employees written policies to establish strong controls over the deposit procedures.</p> <p>Management should require Cashiers to take at least one full week of vacation annually.</p> <p>Management should ensure that someone other than the depositor follow up on patient complaints regarding billing.</p> <p>At least two employees should be scheduled to work during the time the depositor prepares the deposit.</p> <p>Employees handling payments should be classified as security sensitive. Background checks should be conducted on such employees prior to employment.</p> <p>Management should develop a mission statement along with goals and objectives for the MPIP Business Office. Also, management should develop written policies and procedures on all aspects of Business Office operations and provide a manual to employees. Written documentation can provide many benefits. First, a description of procedures is readily available which might otherwise be lost when a key employee terminates. Second, the documentation process itself helps to develop and clarify policies and procedures. Finally, employees have a strong tendency toward adherence to written procedure.</p>	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	<p>Improve customer service</p> <p>Strengthen control environment</p> <p>Reduce risks resulting from noncompliance with laws</p>
2002057	8/8/02	Office of Assoc. VP of Student Affairs	<p>To ascertain that controls are in place and working to safeguard institutional resources</p> <p>To verify the unit is complying with laws, regulations, policies and/or contracts</p> <p>To assess the economic and efficient operation of the unit</p>	<p>The Vice President should establish a new control environment. He has already started to develop a new environment by restructuring Housing and dining. He should continue to develop the new environment by retraining management on proper controls and standards and providing written guidelines.</p> <p>Employees have been working with the lenient controls and standards for many years so a new control environment will need to be supported by all</p>	In progress	<p>Reduce the risk of loss of institutional resources</p> <p>Strengthen control environment</p>

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Report No.	Report Date	Name of Report	High-Level Audit Objectives	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented)	Fiscal Impact/ Other Impact
				management in the division. The Vice President should consider restructuring current processes and procedures to develop a strong control system. The current structure of the business office does not provide additional controls in the area. Not only should the business office provide controls, the account managers should also serve as a control mechanism for their accounts. Management should ensure that written policies are developed so that all employees are aware of the procedures.	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	
2002046	8/8/02	Student Business Services	<p>To ascertain that controls are in place and working to safeguard institutional resources</p> <p>To verify the unit is complying with laws, regulations, policies and/or contracts</p> <p>To assess the economic and efficient operation of the unit</p> <p>To verify that the unit is moving toward its own established goals and those of the institution</p>	<p>Management should work with Information Systems to modify the system so that payments do not have to be manually posted.</p> <p>SBS management should:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ensure that loan accounts are reconciled to TechFIM timely. <input type="checkbox"/> Develop a process so that students with outstanding short-term loans do not receive new loans. <input type="checkbox"/> Continue to research restructuring the loan award process to determine if changing the process is effective and efficient, and <input type="checkbox"/> Continue to improve the process to collect short-term loans. <p>TTU departments who receive a report for review from Institutional Research for manually flagging a student's account should carefully examine the circumstances surrounding the student's payment status to determine whether events occurring after the THECB reports were sent would change the student's eligibility for inclusion in the reports. The departments should report any errors back to the Institutional Research so the University can accurately report the findings to THECB.</p>	<p>In progress</p> <p>In progress</p> <p>Implemented</p>	<p>Reduce the risk of loss of institutional resources</p> <p>Improve productivity</p> <p>Improve customer service</p> <p>Strengthen control environment</p> <p>Reduce risks resulting from noncompliance with laws</p>

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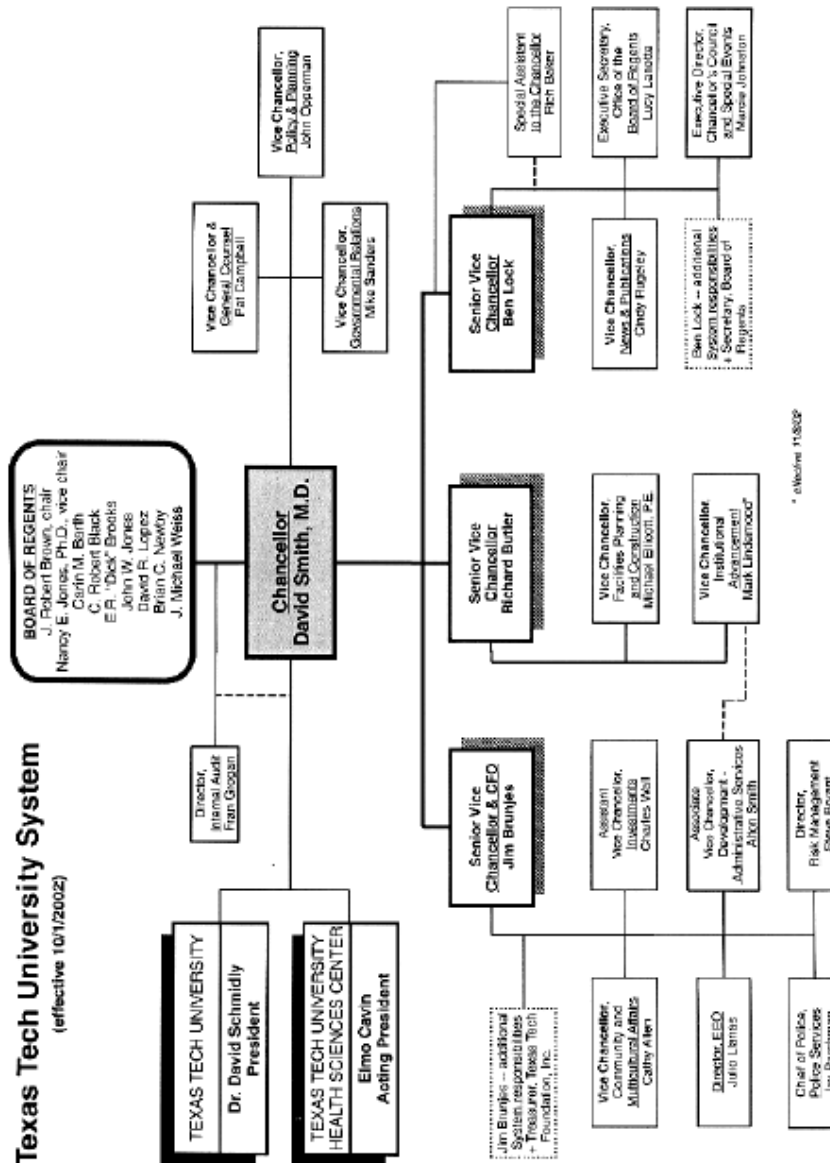
Report No.	Report Date	Name of Report	High -Level Audit Objectives	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented) <ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	Fiscal Impact/ Other Impact
				<p>SBS posted prepayments of all third party tuition and fees in the fall 2001 semester. This practice resulted in an extension of state credit.</p> <p>The following recommendations relate to cash security:-</p> <ul style="list-style-type: none"> ❑ All cashier drawers should be equipped with locks. When the drawers are not being used, they should remain locked. A different cashier should be assigned to each of the five drawers and only the cashier assigned to a specific drawer should work from the drawer. As the end of each business day, the employees' drawers should be balanced with transactions posted by that employee in TechSIS. ❑ For employees who process tuition and fee payments or deposits at their desks, fund should be secured in a locked drawer or lock box during business hours. ❑ Management should ensure that the funds stored in the vault are secured at all times either by keeping the vault locked or storing the funds in the safe in the vault. ❑ Management should segregate the duties related to the mail and drop box payments. One employee should be responsible for opening the mail and collecting the drop box payments. This employee should log all of the payments on a spreadsheet specifying payee name, SS#, payment type (cash, check, credit card, etc.), check number if paid by check, and payment amount. Once all payments have been logged in for the day, the spreadsheet should be totaled by payment type. The payment totals should be used to balance to the TechSIS 410 cashier checkout report. The second employee will receive the payments after they have been logged in and post them to TechSIS. After all the payments are 	<p>Implemented</p> <p>Implemented</p>	

III. List of Audits Completed Showing High-Level Objectives, Observations/Findings, Recommendations, and Status

Report No.	Report Date	Name of Report	High-Level Audit Objectives	Observations/Findings and Recommendations	Current Status (with brief description if not yet implemented)	Fiscal Impact/ Other Impact
				posted, the employee will run the TechSIS 410 cashier check-out report. The third employee, who prepares the deposit, verifies that the daily log and 410 report balance.	<ul style="list-style-type: none"> • Implemented • Planned • In progress • Factors delay implementation • Agency does not plan to implement recommendation 	
2002022	8/8/02	TIEHH-External Assist	To assist external auditors in conducting their annual financial audit	Financial/No Findings	N/A	Conserve institutional resources by reducing audit fees paid
2002018	8/8/02	TTU Foundation	To assist external auditors in conducting their annual financial audit	External Assist/ Financial/No findings	N/A	Conserve institutional resources by reducing audit fees paid
2001063	8/8/02	Amarillo Business Office Special	To investigate alleged employee fraud	Our investigation indicated the cashier removed \$535,211.01 in cash from clinic deposits during a period from September 1993 through June 27, 2001. Recommendations related to controls are documented in the Amarillo MPBP Business Office report issued April 18, 2002.	Related recommendations implemented.	\$ 535,111 was missing over a 7-year period. The cashier was indicted on a first-degree felony. An insurance claim has been filed.
2001027	8/8/02	Review of Certain Athletic Transactions	To ascertain that all inventory transactions complied with State law and University Policy	We recommend that management address delays in invoicing certain sales transactions	Implemented	Reduce the risk of loss of institutional resources

Texas Tech University
 Texas Tech University Health Sciences Center
 Internal Audit Annual Report for Fiscal Year 2002

IV. Organizational Chart



Texas Tech University
Texas Tech University Health Sciences Center
Internal Audit Annual Report for Fiscal Year 2002

V. Report on Other Internal Audit Activities

Activity	Impact
Made presentations at new employee orientation events	Increased the understanding of new employees of Internal Audit's role in the University and our interaction with departmental personnel
Served in an advisory capacity on the Financial System Project Committee	Served as a resource for the committee charged with performing a needs assessment and selection of a new financial information system
Worked with management to initiate a fraud prevention and early detection program	Assisted management in creating a proactive control environment that will prevent loss of institutional resources
Served in an ex-officio capacity on the newly formed Short and Intermediate Term Investment Fund Advisory Committee	Served as a resource for a newly formed committee charged with setting policies and procedures for procurement and disposition of securities to be held for short and intermediate terms
Facilitated Quality Service Training	Contribution to quality service initiative at Texas Tech University System
Provided voluntary services to professional organizations. (TACUA & ACUA)	Strengthened professional commitments and knowledge base.
Consulted on development of automated information systems	Provided independent verification that the information systems will meet planned objectives.
Served in an ex-officio capacity on the ADA committee	Served as a resource to the committee that oversees campus-wide compliance with the ADA law.
Assisted the "People First" and "Vital Signs" programs in acquiring necessary information	Assisted the endeavor to implement the institutional goal to improve accountability and customer service
Served on the President's Congressional Internship selection committee	Contributed to the University's impact in Washington D. C.

**Texas Tech University
Texas Tech University Health Sciences Center
Internal Audit Annual Report for Fiscal Year 2002**

Worked with Business Affairs at the Health Sciences Center to redesign their cash controls	Reduce the risks of cash loss by ensuring strong controls are in place
Served on the Institutional HIPAA Committee	Ensure that the institution is in compliance with the HIPPA law and thus reduce the risk of sanctions for non compliance
Served on the HIPPA Policies subcommittee	Ensure that the institution is in compliance with the HIPPA law and thus reduce the risk of sanctions for non compliance
Served on the team conducting the peer review of the University of Texas Health Sciences Center at San Antonio	Contributed to Internal Audit's Quality Assurance in Higher Education in the State of Texas and enhanced our own knowledge for the potential improvement in our own operations
Served on the Board of the Texas Society of CPA's-South Plains Chapter	Strengthened professional commitments and knowledge base.

**Texas Tech University
Texas Tech University Health Sciences Center
Internal Audit Annual Report for Fiscal Year 2002**

VI. Internal Audit Plan for Fiscal Year 2003

The annual audit plan for Texas Tech University and Texas Tech University Health Sciences Center was approved by the Chancellor and Chairman of the Finance and Administration Committee of the Board of Regents on October 30, 2002. A full copy of our audit plan for fiscal year 2003 is attached. (Appendix C)

VII. Appendix A - Internal Annual Plan for Fiscal Year 2002

Texas Tech University
Texas Tech University Health Sciences Center
Internal Audit Annual Report for Fiscal Year 2002

Appendix A
Internal Audit Plan for Fiscal Year 2002

ANNUAL PLAN

For the Year Ending August 31, 2002

Submitted by: Signed Copy on File
Frances E. Grogan, CPA Date
Director of Internal Audit

Approved by: Signed Copy on File
Dick Brooks, Chairman of the Finance and Date
Administration Committee, Board of Regents

Approved by: Signed Copy on File
Dr. David Smith Date
Interim Chancellor

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October 31, 2001

Mr. Dick Brooks
Chairman of the Finance and
Administration Committee
Board of Regents
Texas Tech University System
Lubbock, Texas

Dr. David Smith
Interim Chancellor
Texas Tech University System
Lubbock, Texas

We are pleased to submit the annual plan of the Office of Internal Audit and Consulting of Texas Tech University System for the year ending August 31, 2002. The plan addresses audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned audits based on our assessment of risk. We have scheduled approximately twenty percent of our time for assisting management with unforeseen requests, for the issuance of incident reports and for following up on implementation of prior audit recommendations.

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

Sincerely,

Frances E. Grogan, CPA
Director

The staff members of the Office of Internal Audit and Consulting agreed that we should have a mission statement that exhibits the commitment made by Texas Tech to be the institution of choice for high quality students and the best institution of higher education in the State of Texas, as well as our commitment to our Professional Standards. The result of our contemplation is a mission statement that emphasizes proactive quality service provided by members of internal audit and consulting for the benefit of the Board of Regents and management throughout the System.

Mission Statement

The Office of Internal Audit and Consulting is to assist the Board and other units of the Texas Tech System in identifying, avoiding, and, where necessary, mitigating risks.

The goals of the Office of Internal Audit and Consulting are outlined in Texas Tech University System Regent Rules 07.02.

Goals of the Office of Internal Audit and Consulting

- ❖ Conduct reviews within the TTU System that comply with The Internal Audit Act of Texas and the Standards of the Practice of the Profession of Internal Auditing (the standards).
- ❖ Provide relevant, useful, reliable, and timely information to management for a basis of their decision making.
- ❖ Participate on committees and tasks forces as an *ex-officio* member in order to ensure proper control structures are established.
- ❖ Participate in system design as an advisor.

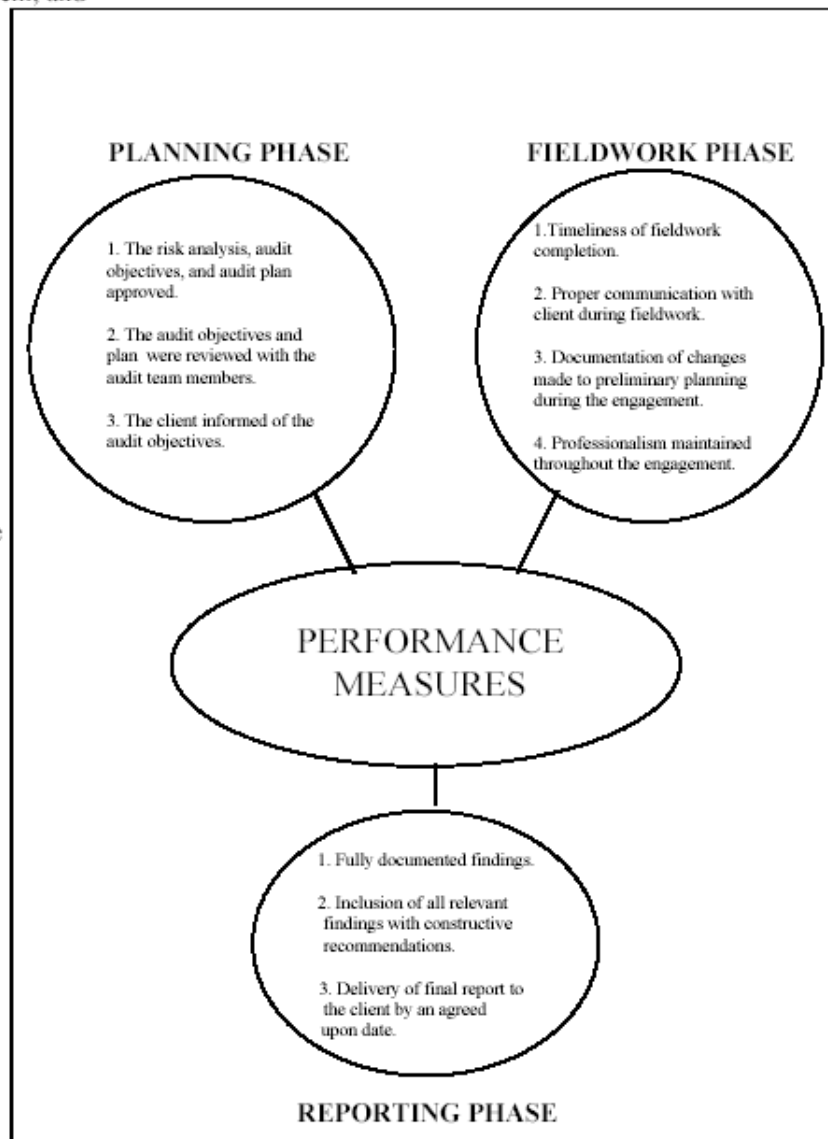
Accomplishment of these goals should assure an effective internal audit and consulting program for the System. These goals are reviewed by the members of the staff of internal audit and consulting periodically.

Performance Measures

We have instituted a continuous quality improvement/control effort required by internal auditing standards. We evaluate the quality of our services by:

- answering a self-assessment questionnaire at the end of each of the three phases inherent in every audit (planning, fieldwork, and reporting);
- providing our clients the opportunity to express their level of satisfaction with the services we have provided them; and
- measuring our performance against predetermined benchmarks that we believe will encourage excellence.

These performance measures are listed in the illustration to the right.



Allocation of Time

In accordance with the Internal Audit Act (V.T.C.A., Government, Sec. 2102.005 (1), 2102.007 (2), and 2102.008), we have prepared this audit plan using risk assessment techniques. To facilitate the planning, we developed a list of potential audit units using the University and Health Sciences Center's telephone books, annual financial reports, and organizational charts. Next, we determined the relative weights of the following seven significance factors:

- Public and Management Interest
- Complexity of Operations
- Quality of and Reliance of Internal Controls
- Management's Abilities
- Change in Systems, Processes, or Procedures
- Materiality of the Potential Loss
- Time Elapsed Since the Last Audit

A descriptive value between 0 and 5 was assigned to each significance factor for each potential audit. A weighted average was calculated and used to sort the potential audit units relative to their calculated risk. The detail analysis of the various potential audits can be found in the Appendix. We selected audit units with a weighted average of 4.0 or higher for audit during FY 2002. These units are highlighted in yellow on the Risk Assessment (p. 14).

We determined our allocable chargeable time to be 15,919 hours. From this time, we subtracted the 1,737 hours we estimate are needed to perform required audits, external audit assistance, and other required projects. Additionally, we estimate that 4,310 audit hours are needed to complete fiscal year 2000 audits in progress. We have set aside approximately 20% of our time (4,457 hours) for unscheduled work which will be determined by requests, incident reports, follow-up on the implementation of our recommendations, and other special projects. The remaining 5,415 hours have been allocated to audits determined through the risk assessment process as well as those planned to provide broad coverage over a five year period. Pages 9-13 include schedules, lists and graphs detailing this information.

**Long Range Planning
Five Years Beginning FY 2003**

In order to provide broad systematic audit coverage to the University and Health Sciences Center, we have devoted a portion of our time for audits of the colleges and schools of the University and selected operations of the Health Sciences Center. Our five year plan is presented below.

As with any dynamic organization, these long range plans may change with institutional needs and developments.

	TEXAS TECH UNIVERSITY	TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER
2002-03	College of Agriculture College of Architecture	Practice Management Review - See page 6 for breakdown
2003-04	College of Engineering College of Human Sciences	Practice Management Review - See page 6 for breakdown
2004-05	College of Arts and Sciences	Basic Sciences Departments Practice Management Review - See page 6 for breakdown
2005-06	College of Education Graduate School	School of Pharmacy
2006-07	College of Business Administration School of Law	Practice Management Review - See page 6 for breakdown

**Texas Tech University Health Sciences Center
Medical Practice Review
Cyclical Plan**

FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<i>Amarillo</i> Surgery	<i>Amarillo</i> Ob/Gyn Pediatrics	<i>Amarillo</i> Psychiatry	<i>Amarillo</i> Family Med Business Office	<i>Amarillo</i> Internal Med
<i>El Paso</i> Pathology Emergency Med Surgery	<i>El Paso</i> Pediatrics Ophthalmology	<i>El Paso</i> Ob/Gyn Orthopedics Radiology Neuropsychiatry	<i>El Paso</i> Family Med Business Office	<i>El Paso</i> Anesthesiology Internal Med
<i>Lubbock</i> Pathology Surgery Dermatology	<i>Lubbock</i> Pediatrics Ophthalmology	<i>Lubbock</i> Ob/Gyn Orthopedics Radiology Neuropsychiatry	<i>Lubbock</i> Family Med Business Office	<i>Lubbock</i> Anesthesiology Internal Med
<i>Odessa</i>	<i>Odessa</i> Pediatrics	<i>Odessa</i> Ob/Gyn	<i>Odessa</i> Family Med Business Office	<i>Odessa</i> Internal Med

Scope of Work

The scope of internal auditing should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities.

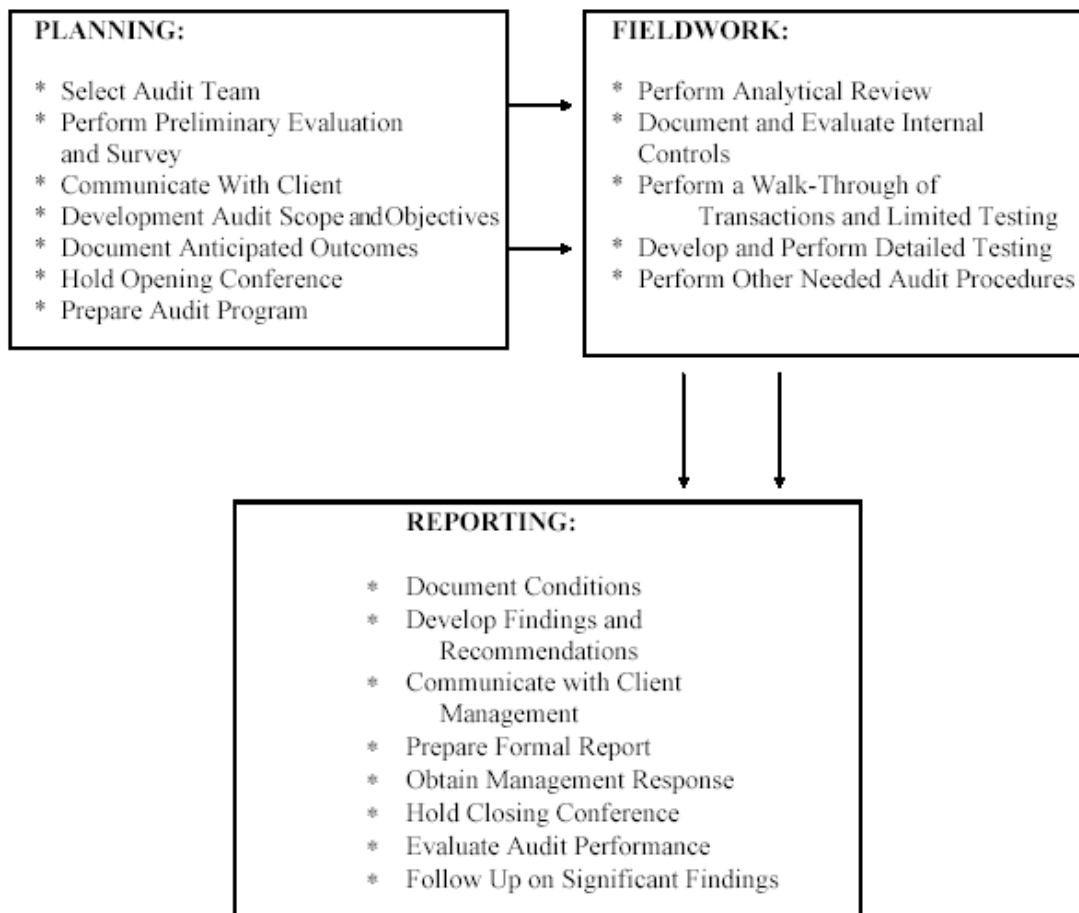
- ◇ **Reliability and Integrity of Information** - Internal auditors should review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- ◇ **Compliance with Policies, Plans, Procedures, Laws, and Regulations** - Internal auditors should review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and should determine whether the organization is in compliance.
- ◇ **Safeguarding of Assets** - Internal auditors should review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- ◇ **Economical and Efficient Use of Resources** - Internal auditors should appraise the economy and efficiency with which resources are employed.
- ◇ **Accomplishment of Established Objectives and Goals for Operations or Programs** - Internal auditors should review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.¹

For each audit, during the planning process, we will determine the scope of work to be performed on the audit using the standards noted above. Our scope will be based on a risk assessment conducted during the planning phase of the audit. 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.

Institute of Internal Auditors, Inc., Codification of Standards for The Professional Practice of Internal Auditing, (Altamonte Springs: The Institute of Internal Auditors, Inc., 1997). Pp. 8-9.

Audit Process

Internal audits are performed in three phases: Planning, Fieldwork, and Reporting. As indicated earlier, the success of our efforts is monitored through the completion of self-evaluation questionnaires and the compilation of information to monitor our achievement of performance measures. We believe it is important that our process is understood. To document the procedures normally employed in the performance of an audit, we have prepared the following illustration.

AUDIT PROCESS

Schedules and Graphs

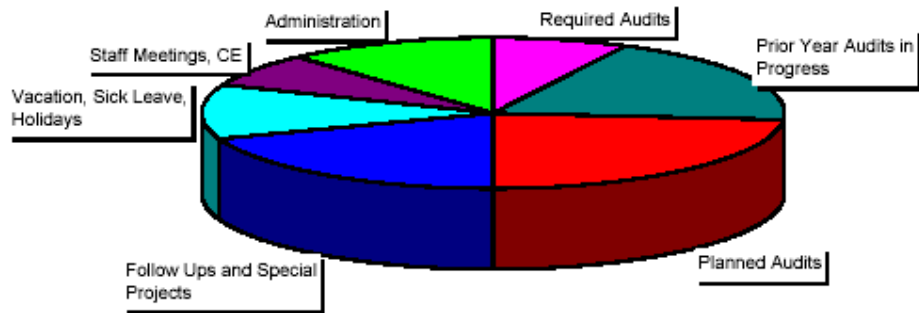
Texas Tech University System
Office of Internal Audit and Consulting
Time Budget Summary - Available Hours
Year Ending August 31, 2002

Position	Total	Vacation, Sick Leave, & Holidays	CPE & Staff Meetings	Available	% Chargeable	Administration	Chargeable
Director	2,080	240	310	1,530	30%	1,071	459
Assistant Director	2,080	220	220	1,640	80%	328	1,312
Assistant Director	2,080	220	220	1,640	80%	328	1,312
Audit Manager	2,080	220	140	1,720	90%	172	1,548
Manager - Special Audits	2,080	220	140	1,720	90%	172	1,548
Senior Auditor	2,080	400	110	1,570	93%	110	1,460
Senior Auditor	2,080	220	110	1,750	93%	122	1,628
Staff Auditor - II	2,080	220	110	1,750	95%	87	1,663
Staff Auditor - II	2,080	220	110	1,750	95%	87	1,663
Staff Auditor - I	2,080	220	110	1,750	95%	87	1,663
Staff Auditor - I	2,080	220	110	1,750	95%	87	1,663
	22,880	2,620	1,690	18,570		2,651	15,919

Texas Tech University System
Office of Internal Audit and Consulting
Allocation of Available Hours
Year Ending August 31, 2002

Allocated Time

Required Audits	1,737
Prior Year Audits in Progress	4,310
Planned Audits	5,415
Follow Ups and Special Projects	4,457
Vacation, Sick Leave, Holidays	2,620
Staff Meetings, CE	1,690
Administration	2,651
	22,880



Texas Tech University System
Office of Internal Audit and Consulting
Required Audits, External Audit Assistance, and Other Required Projects
Year Ending August 31, 2002

Required Audits and External Auditor Assistance

Audit Area	Budgeted Hours	Comments
KTXT-TV	350	CPB Audit
KOHM-FM	300	CPB Audit
Texas Tech University Foundation	120	Annual-External Auditor Assist
Athletic Department Financial	240	Annual-External Auditor Assist
Statewide Single Audit-Bonds Payable	75	State Auditor Request
Chancellor and Regent Travel	22	Annual-External Auditor Assist
The Institute of Environmental and Human Health	240	Annual-External Auditor Assist
Residency Grants	220	Annual
ARP/ATP	80	Coordinating Board Requirements
El Paso Family Medicine Contract	90	Contractual
 Total Required Audits and External Audit Assistance	 <u>1,737</u>	

Texas Tech University System
Office of Internal Audit and Consulting
Prior Year Audits In Progress
Year Ending August 31, 2002

Audit Area	Remaining Budgeted Hours
TTU College Audits	1,500
NCAA Compliance	100
SMIF	100
Practice Plans	1,000
Communication Services	350
Amarillo Business Office Special	1,200
Cash & Investments - General Fund Controls	20
Cash & Investments - Year End Procedures	40
Total Carryover Audits	<u>4,310</u>

Texas Tech University System
Office of Internal Audit and Consulting
Planned Audits
Year Ending August 31, 2002

Texas Tech University System and All Components

Audit Area	Budgeted Hours
Cash and Investments - year end procedures	80
Facilities Planning & Construction Project Management	240
Endowment Compliance	240
OP Management - all components	120
Compliance Program - all components	360
News and Publications - Management Review	240
Internal Audit Quality Assessment Review	100
	1,380
 <u>Texas Tech University</u> 	
Management Review of the President's Office	240
Center for Professional Development	240
Athletic NCAA Compliance	475
Physical Plant	670
Student Business Services - Receipts	400
	2,025
 <u>Texas Tech University Health Sciences Center</u> 	
MPIP: Lubbock Anesthesiology	250
MPIP: Lubbock Internal Medicine	200
MPIP: El Paso Anesthesiology	200
MPIP: El Paso Internal Medicine	200
MPIP: Odessa Internal Medicine	150
MPIP: Amarillo Internal Medicine	150
Nursing Management Review	200
Receipting process	120
Physical Plant - Amarillo	240
Managed Care Contracts	300
	2,010
Total Planned Audits	<u>5,415</u> 5,415

Appendix
Audit Risk Assessment

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2001-2002

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT CONTRL	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Athletics (NCAA Compliance)	TTU	5	5	5	5	5	5	4	<u>4.9429</u>
Physical Plant	TTU	5	5	5	5	5	5	4	<u>4.9429</u>
Compliance Office	TTUHSC	5	5	4	4	5	5	5	<u>4.7286</u>
Physical Plant	TTUHSC	5	4	5	4	5	4	4	<u>4.6286</u>
Facilities and Construction	System	5	5	4	4	5	5	2	<u>4.5571</u>
Operating Policies and Procedures	Both	4	5	4	4	5	5	5	<u>4.3714</u>
Bursar	TTUHSC	5	5	3	3	5	5	3	<u>4.3429</u>
Center for Professional Development	TTU	5	4	5	4	3	3	4	<u>4.3143</u>
Cash & Investments	System	5	5	3	3	4	5	4	<u>4.3000</u>
Student Business Services	TTU	4	5	4	4	5	5	3	<u>4.2571</u>
Compliance Programs	TTU	4	5	4	4	3	5	5	<u>4.1714</u>
President's Office	TTU	5	3	3	3	5	4	5	<u>4.1429</u>
School of Nursing	TTUHSC	4	3	5	4	5	3	5	<u>4.1143</u>
Endowments	Both	4	4	4	4	4	5	4	<u>4.1143</u>
News and Publications	System	4	3	5	4	3	4	5	<u>4.0286</u>
Health Care Systems (Managed Care)	TTUHSC	4	4	4	4	3	5	4	<u>4.0143</u>
Development	System	4	4	4	3	5	5	1	<u>3.9429</u>
Financial Aid	TTU	4	5	3	3	3	5	5	<u>3.9000</u>
Red Raider Club	TTU	3	3	4	4	5	4	5	<u>3.7000</u>
Financial Accounting and Reporting	TTU	4	5	3	3	2	5	3	<u>3.6857</u>
Budget	TTU	3	4	4	4	4	4	4	<u>3.6429</u>
Accounting Services	TTUHSC	3	5	4	3	3	5	3	<u>3.6000</u>
Junction Center	TTU	3	3	4	4	5	2	5	<u>3.4714</u>
Fixed Assets	System	3	4	5	5	2	3	1	<u>3.4286</u>
Financial Aid	TTUHSC	3	4	3	3	3	5	4	<u>3.3857</u>
Dining	TTU	3	3	3	4	4	4	4	<u>3.3714</u>
Law Library	TTU	3	3	4	4	4	2	4	<u>3.3143</u>
Office of International Affairs	TTU	3	5	4	4	2	3	2	<u>3.3143</u>
Communication Services	System	4	3	3	3	3	3	1	<u>3.2429</u>
Equal Opportunities Employment	TTU	3	2	4	4	1	4	4	<u>3.1429</u>
Office of Extended Studies	TTU	3	3	3	3	5	3	2	<u>3.1429</u>
School of Pharmacy	TTUHSC	3	3	4	4	2	3	2	<u>3.1143</u>

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2001-2002

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT CONTRL	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Library	TTUHSC	3	3	3	3	3	3	5	3.1143
Student Managed Investment Fund	TTU	3	3	4	4	3	2	2	3.1000
Contracts and Risk Management	TTU	3	2	3	3	3	4	4	3.0714
MPIP Risk Management-Self Insurance	TTUHSC	4	4	2	1	1	5	2	3.0571
Housing	TTU	3	3	3	3	3	3	4	3.0571
School of Medicine	TTUHSC	3	3	3	3	2	4	3	3.0143
University Center	TTU	3	3	3	4	2	3	2	2.9429
Research Services	TTU	3	4	3	2	1	4	3	2.9143
Information Technology	TTU	2	4	3	2	5	2	4	2.7857
Sponsored Programs	TTUHSC	3	4	3	2	1	3	2	2.7429
Grants and Contracts Accounting	TTU	3	3	3	3	1	3	2	2.7429
Department of Information Resources	TTUHSC	2	3	3	3	4	4	1	2.7429
The Institute of Environmental & Human Health	Both	3	3	2	3	2	4	1	2.7286
Environmental Health and Safety	TTU	2	2	3	3	3	3	5	2.6571
Traffic and Parking	TTU	2	2	2	4	4	3	3	2.5714
Educational Media - Health Net	TTUHSC	2	3	4	4	1	2	2	2.5429
School of Allied Health	TTUHSC	2	2	3	3	3	2	4	2.4857
Rural and Community Health	TTUHSC	1	3	3	3	4	2	3	2.2714
HEAF Funds	Both	2	2	2	2	2	3	4	2.2286
Admissions and School Retention	TTU	2	2	2	3	2	2	3	2.1571
Graduate Admissions	TTU	2	2	3	3	1	1	3	2.1143
Records	TTU	2	2	2	2	2	2	4	2.1143
University Press	TTU	2	2	3	3	2	1	1	2.1000
Academic Facilities	TTU	2	2	3	2	0	2	4	2.0857
President's Office	TTUHSC	2	2	3	2	1	1	4	2.0714
Police	System	2	2	3	2	1	2	2	2.0714
Budget	TTUHSC	2	3	1	1	1	4	4	2.0714
Student Services & Registrar	TTUHSC	2	2	2	2	2	2	3	2.0571
Space Management	TTU	2	2	2	2	1	2	4	2.0143
Space Management	TTUHSC	2	2	2	2	2	2	2	2.0000
General Counsel	System	2	2	2	2	1	1	5	1.9571
General Services	TTUHSC	1	2	2	2	4	2	4	1.9571

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2001-2002

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT CONTRL	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Career Planning and Placement	TTU	1	2	3	3	1	1	5	1.8714
Government Relations	System	2	1	1	1	1	3	5	1.8143
Library	TTU	1	3	2	2	1	2	3	1.7000
Ranching Heritage Center	TTU	1	2	3	3	0	2	1	1.6571
Student Health Services	TTUHSC	1	2	2	2	2	1	3	1.5857
Museum	TTU	2	1	1	2	1	2	1	1.5714
Training Department	TTU	1	1	2	2	1	2	4	1.5571
Agency Funds	TTU	1	1	3	2	1	1	3	1.5571
Student Media	TTU	1	1	3	2	1	1	3	1.5571
Recreational Sports	TTU	1	2	3	2	1	1	1	1.5429
Safety Department	TTUHSC	1	2	2	2	1	1	4	1.5429
Official Publications	TTU	1	1	2	1	1	3	3	1.5143
Student Affairs	TTU	1	2	1	1	1	3	4	1.5000
Office of Quality Service	System	1	1	2	1	1	2	4	1.4571
Attorney for Students	TTU	1	1	2	2	1	1	3	1.3857
Learning Center/PASS	TTU	1	1	2	2	1	1	3	1.3857
Print Tech	TTU	1	1	2	2	1	1	3	1.3857
Central Warehouse	TTU	1	1	1	2	1	2	3	1.3286
Distance Learning	TTU	1	2	1	1	1	2	3	1.3286
Institutional Research	TTU	1	1	2	1	1	1	3	1.2857
Mail Tech	TTU	1	1	2	2	0	0	3	1.1714

VIII. Appendix B - Peer Review

Appendix B

Peer Review

Texas Tech University and
Texas Tech University Health Science Center

Quality Assurance Review
For
The Internal Audit Department

August 20, 1999

Performed by:

Robert Rubel, CPA, CIA, CISA,
Director of Internal Audit
The University of Texas Southwestern Medical Center
at Dallas

Bill Jones, MBA, CIA
Director of Internal Audit
Eastern New Mexico University

Kathy Burgmeier
Director of Internal Audit
The University of Montana

August 20, 1999

Alan White
Board Chairman, Finance Committee
Texas Tech University and
Texas Tech University Health Sciences Center
P.O. Box 41104
Lubbock, Texas 79609

Subject: Report of Quality Assurance Review for the Internal Audit Department

Dear Mr. White:

At your request, we have conducted a quality assurance review of your Internal Audit department. We reviewed for compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and based our review on the Association of College and University Auditor's *Quality Assurance Review Handbook*.

The review was performed by persons independent of your Internal Audit department and covered audit work performed during the period of September 1, 1997 through March 31, 1999. The last day of our fieldwork was May 19, 1999. The scope of the review was restricted to reviewing selected documents, reviewing Internal Audit Reports issued during the review period, conducting a survey, reviewing the work papers of a sample of audit projects, interviewing key University medical center personnel, and interviewing Internal Audit Department staff.

Based on the scope of our review, we determined the Internal Audit Department did comply, on an overall basis, with all five IIA Standards for Independence, Professional proficiency, Scope of Work, Performance of Audit Work, and Management of the Internal Audit Department.

The attached report provides additional information with recommendations we believe further enhancements will enhance the efficiency and effectiveness of your internal audit function. Included within the text of the report are management's response from the Director of Internal Audit, Frances Grogan.

We appreciate the cooperation and assistance provided to us throughout the course of our review. All individuals interviewed offered candid and constructive comments. Please let us know if you would like us to review with you further details pertaining to any of the information in the attached report.

Sincerely,

Robert Rubel
Peer Review Team Leader

INTRODUCTION

The *Standards for the Professional Practice of Internal Auditing (Standards)*, issued by The Institute of Internal Auditors (IIA), require Internal Audit departments to develop and maintain a quality assurance program to ensure the quality and credibility of their work. (See Appendix A for a complete set of the *Standards*) According to the IIA, a comprehensive quality assurance program includes the following elements:

- Ongoing supervision of internal audits.
- Periodic internal reviews of the work of the Internal Audit department.
- Periodic external or peer reviews of the work of the Internal Audit department.

This report presents the results of a peer review covering TTU and TTUHSC Internal Audit department activities for the period September 1, 1997 through March 31, 1999. The review was performed by Robert Rubel, Director of Internal Audit - The University of Texas Southwestern Medical Center at Dallas; Bill Jones, Director of Internal Audit - Eastern New Mexico University; and Kathy Burgmeier, Director of Internal Audit - The University of Montana

OBJECTIVES

The primary objective of this review was to determine whether the Internal Audit department was in compliance with the *Standards* established by the IIA and the Texas Internal Audit Act which requires a periodic comprehensive external peer review. A secondary objective was to foster the sharing of experiences, ideas, and approaches with managers of other Internal Audit departments, in order to provide additional recommendations for improving the internal audit function at Texas Tech University and Texas Tech University Health Science Center.

SCOPE

The scope of our review was limited by the allotted time of the external reviewers. We allocated 8 hours of advance preparation, 2.5 days on site, and 10 hours of post review report preparation and finalization. The scope of our review included, but was not limited to the following:

- Reviewing the general information and requested background documents received from the Internal Audit Department.
- Administering a survey to over 26 department managers from departments or functions that were audited during the period under review.

SCOPE (continued)

- Interviewing selected senior management officials, chair of the Audit Committee, all members of Internal Audit staff, the director and her assistant directors.
- Selecting and examining the work papers of four representative audit projects completed during the period under review.

CONFERENCES

We held numerous conference calls and in-person meetings with the Director of Internal Audit and other officials throughout the course of our review. As a group, the members of the Peer Review Team jointly shared our experiences, approaches, and other insights to be considered in further improving the work of the internal audit function and related processes at Texas Tech University and Texas Tech University Health Science Center.

CONCLUSIONS

Based on the scope of our review, we determined the Internal Audit Department at Texas Tech University and Texas Tech University Health Science Center:

Did comply, on an overall basis, with the IIA *Standards for Independence, Professional Proficiency, Scope of Work, Performance of Audit Work, and Management of the Internal Audit Department.*

This overall evaluation was derived from our review and separate evaluations of each of the five general and 25 specific standards that comprise the IIA *Standards*, and was limited to the scope of our review.

OBSERVATIONS AND RECOMMENDATIONS

Following are the observations of the review team as they relate to the five general IIA *Standards: Independence, Professional Proficiency, Scope of Work, Performance of Audit Work, and Management of the Internal Auditing Department.* For each standard, the review team identified the conditions observed and, where appropriate, made recommendations for enhancing the efficiency and effectiveness of the internal audit function.

OBSERVATIONS AND RECOMMENDATIONS (continued)

- 100. INDEPENDENCE** – *Internal Auditors should be independent of the activities they audit.*

Scope and Observations:

We examined the relevant organization charts, Audit Committee and Internal Audit Department Charters; interviewed the Audit Committee Chair, the Chancellor of the University, the Presidents of the University and Health Sciences Center, and reviewed Audit Committee meeting agendas.

The Internal Audit Department reports functionally to the Chair of the Audit Committee, and administratively to the Chancellor of the University. On an annual basis the Chair of the Audit committee and the Chancellor evaluate the performance of the Audit Director. The Department's charter, the Department's freedom from operating duties, regular meetings with the Chancellor and with the Audit Committee, all contribute to the independence and objectivity of the internal audit process.

In our opinion, the Internal Audit Department has complied with the IIA *Standards* on Independence.

No Recommendations in this area

- 200. PROFESSIONAL PROFICIENCY** – *Internal Audits should be performed with proficiency and due professional care.*

Scope and Observations:

We examined the Internal Audit Department organization chart and supporting job descriptions. We interviewed all Internal Audit staff members and reviewed their resumes, backgrounds, performance appraisals, professional development records, and personnel files. We considered the increasing external regulatory demands, competitive healthcare delivery environment, and ever changing information technology complexities of a leading academic medical center and the set of Internal Audit staff proficiencies and core competencies that must be present for the Department to effectively execute its charter.

OBSERVATIONS AND RECOMMENDATIONS (continued)

200. PROFESSIONAL PROFICIENCY (continued)

Overall, we identified a wide degree of experience among the auditors with strong working knowledge in clinical billing and related healthcare delivery processes, in financial and compliance areas including but not limited to contracts and grants, cash and investments, bonds, NCAA, and various departmental processes. In addition, we noted that the audit department had five auditors with a Certified Public Accountant (CPA) designation, four of these have masters level degrees. Two of the previously mentioned CPA's also had a Certified Fraud Examiner (CFE) designations. Of the remaining six positions, two in the department have taken the Certified Internal Auditor (CIA) exam and there are two open positions. There are currently no CIA's or Certified Information Systems Auditor on the staff.

In our opinion, the Internal Audit Department has complied with the IIA *Standards* on Professional Proficiency and the staffing is adequate to perform the work that needs to be performed.

**Recommendation #1 Section 220 - Knowledge, Skills, and Disciplines.
Encourage staff to prepare for and test for the CIA exam.**

We recommend the Director continue to encourage staff to prepare for and test for the CIA examination. The body of knowledge that is necessary for the professional practice of internal auditing is covered in the IIA standards and in the material that is tested. A department review session could be established to prepare auditors for the exam, and this review process would provide continuing professional education (CPE) requirements for the staff. Also, this would provide core training areas for new staff that would include audit evidence, report writing, sampling, etc.

Internal Audit Response:

The Director will definitely continue to encourage staff to prepare for and test for the CIA examination as well as other professional certifications. Two staff members are conditioned at this time in the examination process. I will consult with them on the type of review a candidate might find beneficial.

OBSERVATIONS AND RECOMMENDATIONS (continued)

200. PROFESSIONAL PROFICIENCY (continued)

Recommendation #2 Section 230 - Supervision. Utilize time reporting on current projects.

The department had utilized a time reporting system in prior years, however the current projects do not have weekly time reports submitted for supervisor review. We recommend the allocation of audit hours on projects be tracked to ensure that audit resources are being utilized in the most efficient manner.

Internal Audit Response:

The department has recently implemented a new time keeping system which will allow us to monitor projects on an ongoing basis.

300. SCOPE OF WORK – *The scope of internal auditing should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities.*

Scope and Observations: We reviewed the audit risk assessment process, including discussions with senior management, used to prepare the annual and five-year audit plans. This planning process defined the audit universe, considered materiality factors, reliance on controls, and changes, etc. The plans were reviewed and approved by the chair of the finance committee, and the Chancellor. Progress of the audit plan was periodically reviewed by the Finance Committee of the Board of Regents.

The Internal Audit plans for the past two fiscal years have given sufficient coverage to the five key areas specified by the IIA Standards: 310 Reliability and Integrity of Information; 320 Compliance with Policies, Plans, Procedures, Laws, and Regulations, and Contracts; 330 Safeguarding of Asset, 340 Economical and Efficient Use of Resources; 350 Accomplishment of Established Objectives and Goals for Operations or Programs.

In our opinion, the Internal Audit Department has complied with the IIA *Standards* on Scope of Work.

No Recommendations in this area

400. PERFORMANCE OF AUDIT WORK – *Audit work should include planning the audit, examining and evaluating information, communicating results, and following up.*

OBSERVATIONS AND RECOMMENDATIONS (continued)

400. PERFORMANCE OF AUDIT WORK (continued)

Scope and Observations: We reviewed all Internal Audit Reports issued during Fiscal years 1998 and 1999 to date. In addition, we selected and reviewed the working papers of four audits that were completed during the period under review.

We noted several areas for improvement that appear to be addressed in the departments revised Internal Audit manual. Specifically, in the area of finding sheet development, report writing, and in scheduling a closing conference with the auditee.

In our opinion, the Internal Audit Department has complied with the IIA *Standards* on Performance of Audit Work.

Recommendation #3, Section 430 - Communicating Results. Strengthen Written Communications to Management.

We recommend Internal Audit personnel follow the revised audit manual's process for finding sheet development that include all essential elements of a finding sheet. This will strengthen the development of recommendations from the department to the auditee. In addition, the audit report format in the revised manual provides the reader with a sense of the scale of operations under review; and gives clarity on cause, effect, and risk exposure/impact of each finding. The department's audit time could be added to the report so that the committee is informed of the time spent on each audit.

Internal Audit Response:

In most instances our audit reports are now being written in a format that covers the five elements of a finding in order to allow the reader to fully understand the condition, the standard or criteria, the cause, and the effect as well as the recommendation.

There are, however, engagements that fill our prescribed consulting role. In such engagements, we think that a different report format is beneficial. Our goal is to make the report appropriate to the objective of the project and the desired outcomes of the engagement.

OBSERVATIONS AND RECOMMENDATIONS (continued)

500. MANAGEMENT OF THE INTERNAL AUDIT DEPARTMENT – *The Director of Internal Audit should properly manage the Internal Audit department.*

Scope and Observations:

Review procedures included examination of the Internal Audit Department's formal written charter, audit policies and procedures manual, risk based audit planning process, annual and five year plans, budgets, status reports, time schedules, performance evaluations, supervisory review and quality assurance programs.

We noted that some audits on the audit plan had significant hours being charged for the tasks assigned and for the benefit to the audit plan. In addition, long range plans for the comprehensive coverage of Texas Tech University Health Sciences Center need to provide for the accelerated growth of the main campus and the regional campuses. Also, input into the annual audit plan could be expanded to include questionnaires to Director level personnel at the various campuses for their input.

In our opinion, the Internal Audit Department has complied with the IIA *Standards* on Management of the Internal Audit Department.

Recommendation #4 Section 520 - Planning. Use cost benefit analysis on certain audit projects.

The department of Internal Audit on an annual basis coordinates and provides support for the external audit process. The audit of cash and investments was reviewed and showed a significant utilization of audit time, however the benefit to the audit plan was not clear. We recommend this audit be evaluated for overall benefit to the audit plan. For example, quantify the internal costs versus savings in external audit fees.

Internal Audit Response:

We agree that the recurring audit of cash and investments uses an exorbitant amount of audit time. This resource utilization leaves other areas of risk undercovered and may not be an ideal use of scarce resources. We are currently investigating ways to work cash and investments into our risk analysis, thereby addressing the risks of the cash/investment element without conducting the historical full scope audit of cash and investments.

OBSERVATIONS AND RECOMMENDATIONS (continued)

500. MANAGEMENT OF THE INTERNAL AUDIT DEPARTMENT (continued)

Recommendation #5 Section 520 - Planning. Solicit broader input into the audit plan.

To enhance the overall quality of input into the annual audit plan, executive management is solicited for high risk areas and ideas for the audit plan. Although their input is extremely valuable, first line managers are closer to the day to day activities and could provide a unique perspective. We recommend administrative managers and department directors be solicited for their input into the annual audit plan.

Internal Audit Response:

We have found the input of executive management in our annual audit plan to be extremely beneficial. I try yearly to visit with an ever increasing circle of such management in order to gain insight of mid-management as well. I agree that input by first line managers would prove to be a valuable contribution as well. We will strive to seek such input in written form even if time might not allow for one-on-one interviews.

Recommendation #6 Section 520 - Planning. Establish long range plans for staffing and financial resources.

The Health Sciences Center has experienced tremendous growth over the last five years and is now at the same financial level as the University. We recommend long range plans be developed that address the risk areas and provide sufficient audit resources for adequate audit coverage.

Internal Audit Response:

The budget of The Health Sciences Center has grown to the point where it is at least equal to that of the general academic campus. We strive to cover risks of both entities. We agree that additional resources might be needed to give The Health Science Center campuses the necessary coverage. We have begun discussing this need with management and endeavor to see that resources needed for adequate coverage of all campuses are included in long range planning.

ACKNOWLEDGEMENTS

The team conducting this quality assurance review wishes to thank Texas Tech University and Texas Tech University Health Science Center Chancellor, Presidents and members of the Finance Committee, interviewees, survey respondents, and Internal Audit Department members for their cooperation and assistance throughout the course of this review.

Appendix A

Standards for the Professional Practice of Internal Auditing

The Standards for the Professional Practice of Internal Auditing

INTRODUCTION

Internal auditing is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost.

The members of the organization assisted by internal auditing include those in management and the board. Internal auditors owe a responsibility to both, providing them with information about the adequacy and effectiveness of the organization's system of internal control and the quality of performance. The information furnished to each may differ in format and detail, depending upon the requirements and requests of management and the board. The internal auditing department is an integral part of the organization and functions under the policies established by senior management and the board. The statement of purpose, authority, and responsibility (charter) for the internal auditing department, approved by senior management and accepted by the board, should be consistent with these Standards for the Professional Practice of Internal Auditing.

The charter should make clear the purposes of the internal auditing department, specify the unrestricted scope of its work, and declare that auditors are to have no authority or responsibility for the activities they audit.

Throughout the world internal auditing is performed in diverse environments and within organizations which vary in purpose, size, and structure. In addition, the laws and customs within various countries differ from one another. These differences may affect the practice of internal auditing in each environment. The implementation of these Standards, therefore, will be governed by the environment in which the internal auditing department carries out its assigned responsibilities. Compliance with the concepts enunciated by the Standards is essential before the responsibilities of internal auditors can be met. As stated in the Code of Ethics, Members of The Institute of Internal Auditors and Certified Internal Auditors shall adopt suitable means to comply with the Standards.

"Independence" as used in the Standards, requires clarification. Internal auditors should be independent of the activities they audit. Such independence permits internal auditors to perform their work freely and objectively. Without independence, the desired results of internal auditing cannot be realized.

In establishing the Standards, the following matters were considered:

TTU and TTUHSC
Internal Audit Department Peer Review

1. Boards of directors are being held accountable for the adequacy and effectiveness of their organizations' systems of internal control and quality of performance.
2. Members of management are relying upon internal auditing as a means of supplying objective analyses, appraisals, recommendations, counsel, and information on the organization's controls and performance.
3. External auditors are using the results of internal audits to complement their own work where the internal auditors have provided suitable evidence of independence and adequate, professional audit work.

In the light of such matters, the purposes of the Standards are to:

1. Impart an understanding of the role and responsibilities of internal auditing to all levels of management, boards of directors, public bodies, external auditors, and related professional organizations.
2. Establish the basis for the guidance and measurement of internal auditing performance.
3. Improve the practice of internal auditing.

The Standards differentiate among the varied responsibilities of the organization, the internal auditing department, the director of internal auditing, and internal auditors. The Five General Standards are expressed in bold italicized print in uppercase. Following each of these General Standards are Specific Standards expressed in bold italicized print in lowercase. The Standards encompass:

1. The independence of the internal auditing department from the activities audited and the objectivity of internal auditors.
2. The proficiency of internal auditors and the professional care they should exercise.
2. The scope of internal auditing work.
4. The performance of internal auditing assignments.
5. The management of the internal auditing department.

The Standards and the accompanying Guidelines employ terms which have been given meanings in the context of the Standards. These terms are included in the Glossary.

SUMMARY OF GENERAL AND SPECIFIC STANDARDS FOR
THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

100 INDEPENDENCE

INTERNAL AUDITORS SHOULD BE INDEPENDENT OF THE ACTIVITIES THEY
AUDIT.

110 Organizational Status -- The organizational status of the internal auditing department should be sufficient to permit the accomplishment of its audit responsibilities.

120 Objectivity -- Internal Auditors should be objective in performing audits.

200 PROFESSIONAL PROFICIENCY

INTERNAL AUDITS SHOULD BE PERFORMED WITH PROFICIENCY AND DUE
PROFESSIONAL CARE.

The Internal Auditing Department

210 Staffing -- The internal auditing department should provide assurance that the technical proficiency and educational background of internal auditors are appropriate for the audits to be performed.

220 Knowledge, Skills, and Disciplines -- The internal auditing department should possess or should obtain the knowledge, skills, and disciplines needed to carry out its audit responsibilities.

230 Supervision -- The director of internal auditing should ensure that internal audits are properly supervised.

240 Compliance with Standards of Conduct -- Internal auditors should comply with professional standards of conduct.

250 Knowledge, Skills, and Disciplines -- Internal auditors should possess the knowledge, skills, and disciplines essential to the performance of internal audits.

260 Human Relations and Communications -- Internal auditors should be skilled in dealing with people and in communicating effectively.

270 Continuing Education -- Internal auditors should maintain their technical competence through continuing education.

280 Due Professional Care -- Internal auditors should exercise due professional care in performing internal audits.

300 SCOPE OF WORK

THE SCOPE OF INTERNAL AUDITING SHOULD ENCOMPASS THE EXAMINATION AND EVALUATION OF THE ADEQUACY AND EFFECTIVENESS OF THE ORGANIZATION'S SYSTEM OF INTERNAL CONTROL AND THE QUALITY OF PERFORMANCE IN CARRYING OUT ASSIGNED RESPONSIBILITIES.

310 Reliability and Integrity of Information - Internal auditors should review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.

320 Compliance with Policies, Plans, Procedures, Laws, and Regulations, and Contracts -- Internal auditors should review the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations, and contracts which could have a significant impact on operations and reports, and should determine whether the organization is in compliance.

330 Safeguarding of Assets -- Internal auditors should review the means of safeguarding assets and, as appropriate, verify the existence of such assets.

340 Economical and Efficient Use of Resources -- Internal auditors should appraise the economy and efficiency with which resources are employed.

350 Accomplishment of Established Objectives and Goals for Operations or Programs -- Internal auditors should review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

400 PERFORMANCE OF AUDIT WORK

AUDIT WORK SHOULD INCLUDE PLANNING THE AUDIT, EXAMINING AND EVALUATING INFORMATION, COMMUNICATING RESULTS, AND FOLLOWING UP.

410 Planning the Audit -- Internal auditors should plan each audit.

420 Examining and Evaluating Information -- Internal auditors should collect, analyze, interpret, and document information to support audit results.

430 Communicating Results -- Internal auditors should report the results of their audit work.

440 Following Up -- Internal auditors should follow up to ascertain that appropriate action is taken on reported audit findings.

500 MANAGEMENT OF THE INTERNAL AUDITING DEPARTMENT
THE DIRECTOR OF INTERNAL AUDITING SHOULD PROPERLY MANAGE THE
INTERNAL AUDITING DEPARTMENT.

510 Purpose, Authority, and Responsibility -- The director of internal auditing should have a statement of purpose, authority, and responsibility for the internal auditing department.

520 Planning -- The director of internal auditing should establish plans to carry out the responsibilities of the internal auditing department.

530 Policies and Procedures -- The director of internal auditing should provide written policies and procedures to guide the audit staff.

540 Personnel Management and Development -- The director of internal auditing should establish a program for selecting and developing the human resources of the internal auditing department.

550 External Auditors -- The director of internal auditing should coordinate internal and external audit efforts.

560 Quality Assurance -- The director of internal auditing should establish and maintain a quality assurance program to evaluate the operations of the internal auditing department.

IX. Appendix C - Internal Audit Plan for Fiscal Year 2003

Texas Tech University
Texas Tech University Health Sciences Center
Internal Audit Annual Report for Fiscal Year 2002

Appendix C

Internal Audit Plan for Fiscal Year 2003

ANNUAL PLAN

For the Year Ending August 31, 2003

Submitted by: _____ Signed Copy on File _____
Frances E. Grogan, CPA Date
Managing Director of Internal Audit

Approved by: _____ Signed Copy on File _____
Dick Brooks, Chairman of the Finance and Date
Administration Committee, Board of Regents

Approved by: _____ Signed Copy on File _____
Dr. David Smith Date
Chancellor

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October 31, 2002

Mr. Dick Brooks
Chairman of the Finance and
Administration Committee
Board of Regents
Texas Tech University System
Lubbock, Texas

Dr. David Smith
Chancellor
Texas Tech University System
Lubbock, Texas

We are pleased to submit the annual plan of the Office of Internal Audit and Consulting of Texas Tech University System for the year ending August 31, 2003. The plan addresses audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned audits based on our assessment of risk. We have scheduled approximately twenty percent of our time for assisting management with unforeseen requests, for the issuance of incident reports and for following up on implementation of prior audit recommendations.

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

Sincerely,

Frances E. Grogan, CPA
Managing Director

The staff members of the Office of Internal Audit and Consulting agreed that we should have a mission statement that exhibits the commitment made by Texas Tech to be the institution of choice for high quality students and the best institution of higher education in the State of Texas, as well as our commitment to our Professional Standards. The result of our contemplation is a mission statement that emphasizes proactive quality service provided by members of internal audit and consulting for the benefit of the Board of Regents and management throughout the System.

Mission Statement

The Office of Internal Audit and Consulting is to assist the Board and other units of the Texas Tech System in identifying, avoiding, and, where necessary, mitigating risks.

The goals of the Office of Internal Audit and Consulting are outlined in Texas Tech University System Regent Rules 07.03.

Goals of the Office of Internal Audit and Consulting

- ❖ Conduct reviews within the TTU System that comply with The Internal Audit Act of Texas and the Standards of the Practice of the Profession of Internal Auditing (the standards).
- ❖ Provide relevant, useful, reliable, and timely information to management for a basis of their decision making.
- ❖ Participate on committees and tasks forces as an *ex-officio* member in order to ensure proper control structures are established.
- ❖ Participate in system design as an advisor.

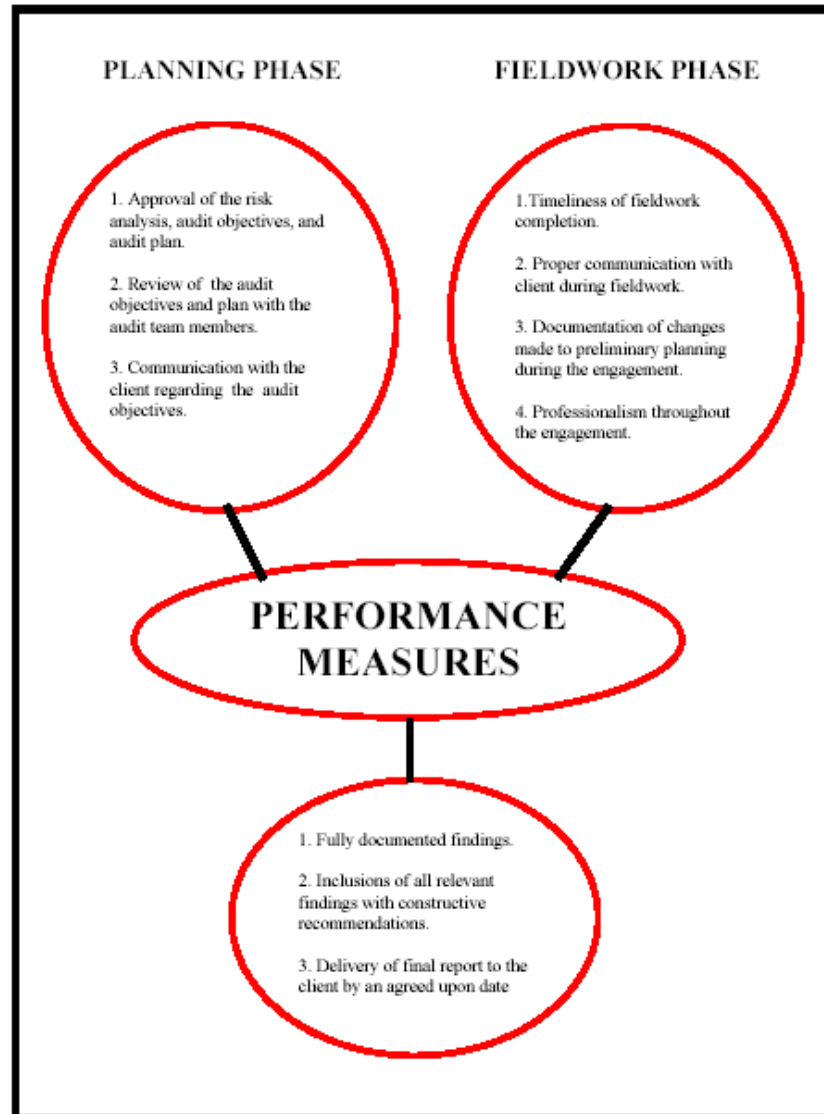
Accomplishment of these goals should assure an effective internal audit and consulting program for the System. These goals are reviewed by the members of the staff of internal audit and consulting periodically.

Performance Measures

We have instituted a continuous quality improvement/control effort required by internal auditing standards. We evaluate the quality of our services by:

- answering a self-assessment questionnaire at the end of each engagement
- providing our clients the opportunity to express their level of satisfaction with the services we have provided them; and
- measuring our performance against predetermined benchmarks that we believe will encourage excellence.

These performance measures are for the self-assessment listed in the illustration to the right.



Allocation of Time

In accordance with the Internal Audit Act (V.T.C.A., Government, Sec. 2102.005 (1), 2102.007 (2), and 2102.008, we have prepared this audit plan using risk assessment techniques. To facilitate the planning, we developed a list of potential audit units using the University and Health Sciences Center's telephone books, annual financial reports, and organizational charts. Next, we determined the relative weights of the following seven significance factors:

- Public and Management Interest
- Complexity of Operations
- Quality of and Reliance of Internal Controls
- Management's Abilities
- Change in Systems, Processes, or Procedures
- Materiality of the Potential Loss
- Time Elapsed Since the Last Audit

A descriptive value between 0 and 5 was assigned to each significance factor for each potential audit. A weighted average was calculated and used to sort the potential audit units relative to their calculated risk. The detail analysis of the various potential audits can be found in the Appendix. We selected audit units with a weighted average of 4.0 or higher for audit during FY 2003. These units are highlighted in yellow on the Risk Assessment (p. 12).

We determined our allocable chargeable time to be 18,040 hours. From this time, we subtracted the 1,735 hours we estimate are needed to perform required audits, external audit assistance, and other required projects. Additionally, we estimate that 1385 audit hours are needed to complete fiscal year 2002 audits in progress. We have set aside approximately 25% of our time (4,500 hours) for unscheduled work which will be determined by requests, incident reports, follow-up on the implementation of our recommendations, and other special projects. The remaining 10,420 hours have been allocated to audits determined through the risk assessment process as well as those planned to provide broad coverage over a five year period. Pages 7-11 include schedules, lists and graphs detailing this information.

Nature of Work

OIAC allocates its resources in a manner that is consistent with the mission and goals of Texas Tech University System and its components. OIAC activity evaluates and contributes to the improvement of risk management, control and governance systems. The nature of the activities is determined by a risk assessment undertaken annually with the input of senior management and the Board of Regents. Additionally, consulting engagements are planned to improve the management of risks, to add, value and to improve Texas Tech's operations.

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

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with laws, regulations, and contracts.

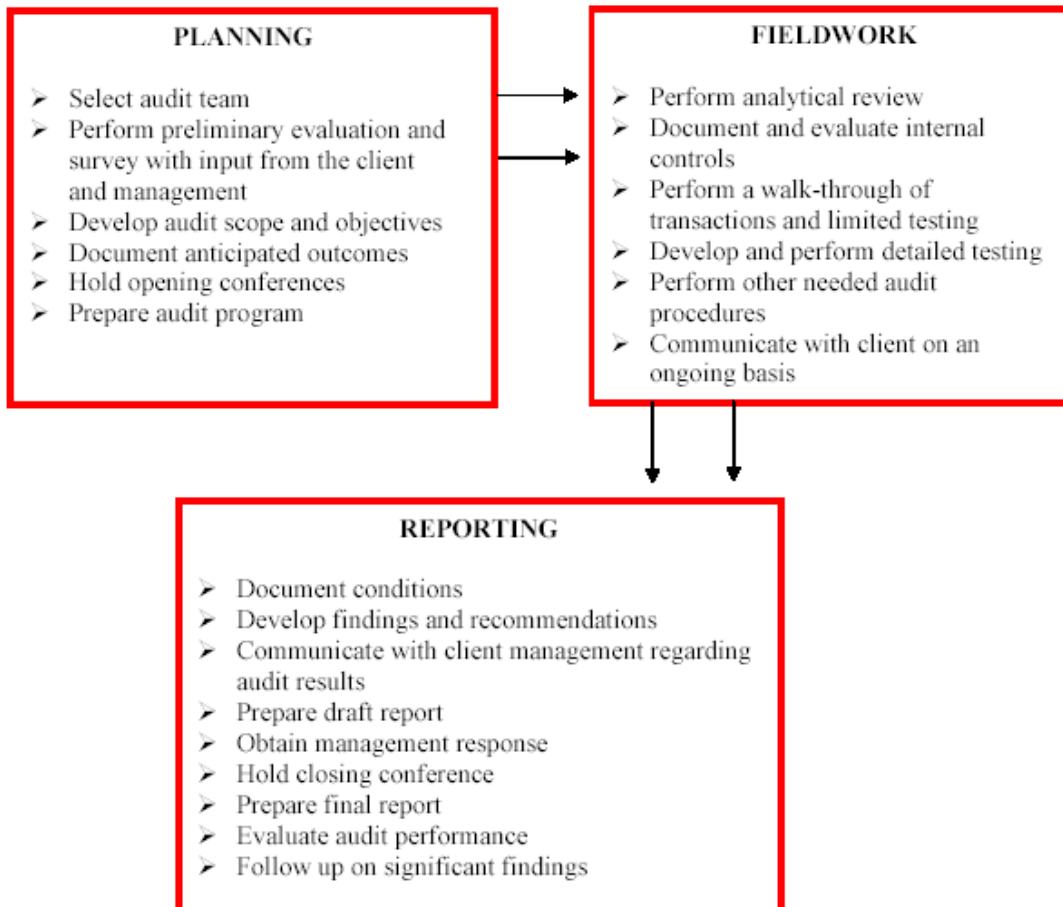
OIAC contributes to Texas Tech's governance process by evaluating the process through which

- Values and goals are established and communicated.
- The accomplishment of goals is monitored.
- Accountability is ensured, and
- Values are preserved.

For each audit, during the planning process, we will determine the scope of work to be performed on the audit using the standards noted above. Our scope will be based on a risk assessment conducted during the planning phase of the audit. On all planned engagements, we will conduct an entrance conference and/or provide an engagement letter in order to communicate the scope and objectives of our audit to the management personnel involved.

Audit Process

Internal audits are performed in three phases: Planning, Fieldwork, and Reporting. As indicated earlier, the success of our efforts is monitored through the completion of self-evaluation questionnaires and the compilation of information to monitor our achievement of performance measures. We believe it is important that our process is understood. To document the procedures normally employed in the performance of an audit, we have prepared the following illustration.

AUDIT PROCESS

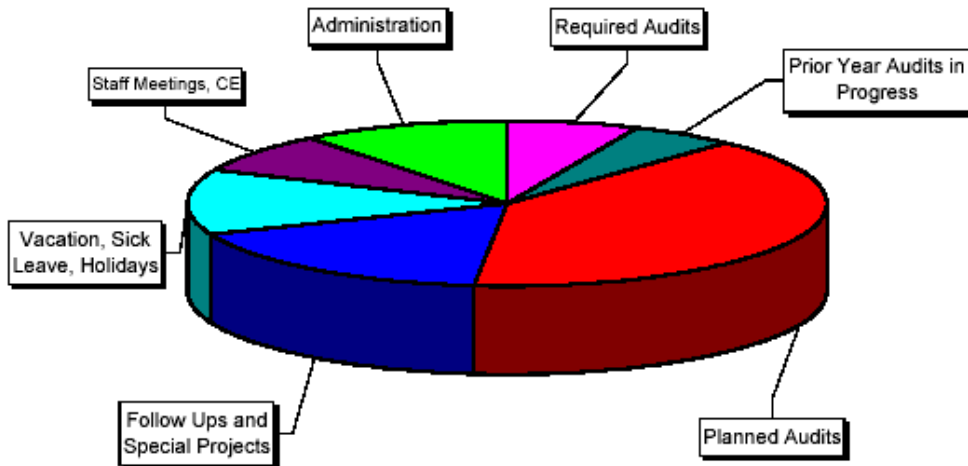
Schedules and Graphs

Texas Tech University System
Office of Internal Audit
Time Budget Summary - Available Hours
Year Ending August 31, 2003

Position	Total	Vacation, Sick Leave, & Holidays	CPE & Staff Meetings	Available	% Chargeable	Administration	Chargeable
Director - Fran	2,080	275	310	1,495	35%	972	523
Associate Director - Kim	2,080	275	240	1,565	75%	391	1,174
Assistant Director - Sandy	2,080	275	220	1,585	85%	238	1,347
Assistant Director - new	1,600	175	175	1,250	85%	188	1,063
Mgr - Spl Adts - Teresa	2,080	275	140	1,665	90%	167	1,499
Mgr - Spl Adts - new	1,700	175	120	1,405	90%	141	1,265
Audit Manager - Howard	2,080	275	110	1,695	93%	119	1,576
Senior Auditor- Bowie	2,080	275	110	1,695	93%	119	1,576
Senior Auditor-Darren	2,080	275	110	1,695	93%	119	1,576
Staff Auditor - II - Debra	2,080	275	110	1,695	95%	85	1,610
Staff Auditor - II - Doug	2,080	275	110	1,695	95%	85	1,610
Staff Auditor - 2 - Dave	2,080	275	110	1,695	95%	85	1,610
Staff Auditor - 2 - Janise	2,080	275	110	1,695	95%	85	1,610
				0		0	
	13,700	3,375	1,975	8,350		2,790	18,040

Texas Tech University System
 Office of Internal Audit
 Time Budget Summary - Available Hours
 Year Ending August 31, 2003

Allocated Time	
Required Audits	1,735
Prior Year Audits in Progress	1,385
Planned Audits	10,420
Follow Ups and Special Projects	4,500
Vacation, Sick Leave, Holidays	3,375
Staff Meetings, CE	1,975
Administration	2,790
	26,180



Texas Tech University System
Office of Internal Audit
Required Audits, External Audit Assistance, and Other Required Projects
Year Ending August 31, 2003

Audit Area	Budgeted Hours	Comments
<u>Required Audits and External Auditor Assistance</u>		
Office of Internal Audit and Consulting Quality Assurance Review	80	Statute Requirement
KOHM-FM	300	Contractual
Texas Tech University Foundation	120	Contractual
Athletic Department Financial	240	Contractual
NCAA Compliance	240	NCAA Requirement
Statewide Single Audit-Bonds Payable	90	State Auditor Request
Chancellor and Regent Travel	35	Contractual
The Institute of Environmental and Human Health	240	Contractual
Residency Grants	220	Coordinating Board Requirement
ARP/ATP	80	Coordinating Board Requirement
El Paso Family Medicine Contract	90	Contractual
Total Required Audits and External Audit Assistance	1,735	

Texas Tech University System
Office of Internal Audit
Prior Year Audits In Progress
Year Ending August 31, 2003

Audit Area	Remaining Budgeted Hours
NCAA Compliance	40
Traffic and Parking Special Investigation	80
Center for Professional Development	80
Music Department Procurement Card Special Investigation	70
National Ranching Heritage Center Cell Phone Investigation	40
TTU Purchasing	5
Double T Shoppe Inventory	10
The Testing Center	90
Clinical Trials and Research Compliance	500
Amarillo Business Office Special Investigation	80
School of Pharmacy Cash Shortage	10
Lubbock MPIP Business Office Review	300
State Auditor's Office Financial Profiles - Assist	20
State Auditor's Office Financial Aid Office - Assist	20
Year End Cash Procedures - Cash counts	40
Total Carryover Audits	1,385

Texas Tech Universtiy System
Office of Internal Audit
Planned Audits
Year Ending August 31, 2003

Audit Area	Budgeted Hours
<u>Texas Tech University System and All Components</u>	
Facilities Planning & Construction Followup	300
Development Followup	350
Grievance Process	250
News and Publications - Management Review	250
<u>Texas Tech University</u>	
ACTT/PASS	450
Cash Controls	600
Travel Management Review	350
Procurement Card Controls	70
Physical Plant Operational Review	740
IT Security	150
Satellite Campuses	150
Housing and Dining Financial Analysis	500
College of Business Administration	1,000
Museum Finanacial Analysis	350
Petroleum Engineering	80
HUB - State Auditor's Office Assist	40
Personnel Management Review	400
Red Raider Club	300
<u>Texas Tech University Health Sciences Center</u>	
Medical Practice Income Plan - Lubbock	700
Medical Practice Income Plan - El Paso	700
Medical Practice Income Plan - Amarillo Business Office Followup	200
Medical Practice Income Plan - Odessa	200
Willed Body Program	240
Healthcare Systems	500
School of Pharmacy - Pharmacy Cash Controls	500
Medical Malpractice	250
Physical Plant - Amarillo	500
Cash Controls	300
Total Planned Audits	10,420

Appendix
Audit Risk Assessment

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2002-2003

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT CONTRL	ABILITY	CHANGES	MATERIALITY	LAST ALOIT	
Historically Underutilized Businesses (HUB)	TTU	5	4	4	5	5	5	5	4.7286
Personnel	TTU	5	5	4	4	5	5	4	4.6714
Housing & Residence Life	TTU	5	5	5	4	5	4	3	4.6714
Dining Services	TTU	5	5	5	4	5	4	3	4.6714
Red Raider Club	TTU	5	3	5	4	5	4	5	4.8887
Facilities Planning & Construction	TTUS	5	5	4	3	5	5	3	4.6143
Physical Plant - Amarillo	TTUHSC	5	4	5	5	4	3	4	4.6143
Cash Controls	TTU	5	4	5	4	4	4	3	4.4714
MPIP Risk Management-Self Insurance	TTUHSC	5	4	4	3	5	5	3	4.4143
Travel Services	TTU	5	5	4	4	3	4	5	4.4143
College of Business Administration	TTU	5	5	4	3	5	4	3	4.4000
Institutional Advancement	TTUS	5	4	4	3	4	5	3	4.3143
Medical Practice Income Plan - Lubbock	TTUHSC	5	4	4	4	3	5	3	4.3143
Physical Plant	TTU	5	5	4	3	3	4	5	4.3143
NCAA Financial Statements	TTU	5	5	3	3	3	5	5	4.2671
NCAA Compliance	TTU	5	5	3	3	3	5	5	4.2671
Institutional Advancement--Administrative Services	TTUS	5	4	3	3	5	5	3	4.2429
Health Care Systems (Managed Care)	TTUHSC	5	5	3	3	4	5	3	4.2429
Medical Practice Income Plan - Odessa	TTUHSC	4	4	4	4	5	5	3	4.1671
IT Security	TTU	5	5	3	2	3	5	5	4.1671
Advising Center of Texas Tech (ACTT)	TTU	5	3	4	4	4	3	4	4.1429
Medical Practice Income Plan - Amarillo	TTUHSC	5	4	3	4	3	5	3	4.1429
Equal Employment Opportunity Office	TTUS	4	4	5	4	3	4	5	4.1286
News & Publications	TTUS	5	4	4	3	3	3	5	4.1000
Cash Controls	TTUHSC	5	3	4	3	4	4	3	4.1000
School of Pharmacy - Remote Sites	TTUHSC	5	4	5	5	2	2	2	4.0887
College of Engineering	TTU	5	4	4	3	4	3	3	4.0887
Well Body Program	TTUHSC	5	3	4	3	3	4	4	4.0671
Museum	TTU	5	3	5	4	2	3	3	4.0671
Marble Falls Campus	TTU	4	3	4	4	5	4	5	4.0671
Junction Campus	TTU	4	3	4	4	5	4	5	4.0671
Fredericksburg Campus	TTU	4	3	4	4	5	4	5	4.0671
Amarillo Campus	TTU	4	3	4	4	5	4	5	4.0671
Medical Practice Income Plan - El Paso	TTUHSC	5	4	3	3	3	5	3	4.0429
Student Managed Investment Fund	TTU	5	4	5	3	3	2	2	3.8887
Traffic & Parking	TTU	5	3	4	4	2	3	2	3.8286
Human Resources	TTUHSC	4	4	3	3	4	5	3	3.7887
Grounds Maintenance	TTU	4	3	5	3	3	2	5	3.7000
VP for Fiscal Affairs	TTU	4	5	3	3	2	5	3	3.6887

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2002-2003

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT. CONTRL.	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Purchasing/HUB	TTUHSC	4	4	3	3	4	4	3	3.6714
University Catering	TTU	5	2	4	4	2	2	2	3.6143
Procurement Card	TTUHSC	4	3	4	2	4	4	2	3.8857
Financial Reporting	TTU	3	4	4	3	4	4	4	3.8428
Clinical Compliance Office	TTUHSC	4	4	3	3	2	4	4	3.5286
Alumni Relations	TTU	4	3	4	3	3	3	3	3.6286
Research Compliance	TTUHSC	3	3	5	4	3	4	2	3.6000
Information Technology	TTUHSC	4	3	3	3	3	4	3	3.4714
Accounting Services	TTUHSC	4	5	2	2	4	4	2	3.4428
Contracting	TTU	3	3	4	3	4	4	4	3.4429
Grounds Maintenance	TTU	4	2	5	3	3	2	2	3.4286
Vehicle Fleet	TTU	3	3	4	4	3	3	5	3.3857
Pharmacy Income Plan	TTUHSC	3	4	5	5	2	2	2	3.3714
Budget Office	TTU	4	4	3	2	2	4	3	3.3714
Vice President for Information Technology	TTUHSC	4	3	3	3	3	3	3	3.3671
Bursar	TTUHSC	4	4	2	2	4	4	2	3.3429
Clinical Trials	TTUHSC	3	3	4	4	3	4	2	3.3286
VP for Student Affairs	TTU	4	3	3	2	2	4	3	3.2714
Telemedicine	TTUHSC	4	3	3	3	2	3	3	3.2671
Sponsored Programs	TTUHSC	4	3	2	3	3	4	2	3.2428
Research Administration	TTUHSC	4	3	2	3	3	4	2	3.2428
Associate Vice President for Research	TTUHSC	4	3	2	3	3	4	2	3.2428
Payables	TTUHSC	4	3	2	2	4	4	2	3.2428
Business Services	TTUHSC	4	3	2	2	4	4	2	3.2428
Ticket Office	TTU	3	3	3	2	4	4	4	3.1714
Provost	TTU	3	3	3	2	4	4	4	3.1714
Executive Vice President's Office/Fiscal Affairs	TTUHSC	3	5	2	1	4	5	3	3.1671
Student Financial Aid	TTUHSC	4	4	2	2	2	4	2	3.1429
HSC Development	TTUHSC	4	4	2	2	2	4	2	3.1428
Rural and Community Health	TTUHSC	4	3	3	2	3	2	3	3.1428
Texas Tech Foundation, Inc.	TTUS	3	3	3	3	3	5	1	3.1143
Safety Services	TTUHSC	3	3	3	3	3	4	3	3.1143
Physical Plant	TTUHSC	3	3	3	3	3	4	3	3.1143
Energy Management	TTUHSC	3	3	3	3	3	4	3	3.1143
Office of Cash Investments	TTUS	3	4	2	2	3	5	3	3.0671
HealthNet	TTUHSC	4	2	3	2	3	2	3	3.0428
Accounts Payable	TTU	3	3	3	3	4	3	2	3.0428
Budget Office	TTUHSC	3	5	2	1	4	4	3	3.0428
Health Policy and Public Affairs	TTUHSC	4	2	3	3	3	1	3	3.0286

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2002-2003

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT CONTRL	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Travel	TTUHSC	4	2	2	2	4	3	2	3,0286
Building Maintenance	TTUHSC	3	3	3	3	3	3	3	3,0000
Alumni Relations	TTUHSC	4	2	2	2	2	4	2	2,8428
VP for Enrollment Management	TTU	2	2	3	4	4	4	4	2,8143
University Copy	TTU	2	2	3	4	4	4	4	2,8143
Programs for Academic Support Services (PASS)	TTU	5	3	4	4	4	3	4	2,8143
PrinTech	TTU	2	2	3	4	4	4	4	2,8143
Operating Policies & Procedures	TTU	2	2	3	4	4	4	4	2,8143
CopyTech	TTU	2	2	3	4	4	4	4	2,8143
Admissions & School Relations	TTU	2	2	3	4	4	4	4	2,8143
Chief Financial Officer	TTUS	3	3	3	2	3	3	3	2,9000
Chancellor's Office	TTUS	3	2	3	3	3	3	3	2,9000
Student Union	TTU	3	2	4	4	2	2	2	2,8000
Recreational Sports	TTU	3	2	4	4	2	2	2	2,8000
President's Office	TTU	3	3	3	3	2	3	3	2,8000
Equity & Diversity	TTU	3	2	3	2	4	3	3	2,9000
Registrar	TTU	4	4	2	1	1	4	1	2,8857
Financial Aid	TTU	4	4	2	1	1	4	1	2,8857
Student Business Services	TTU	3	3	3	3	3	3	1	2,8857
Financial Accounting	TTU	2	4	3	3	3	4	3	2,8571
Contracting	TTUHSC	3	2	2	2	4	4	3	2,8428
Annual Budgeting	TTUHSC	3	3	2	1	4	4	3	2,8428
Business Affairs	TTU	2	5	3	2	4	4	1	2,8428
School of Nursing Admissions and Student Affairs	TTUHSC	3	3	3	3	3	2	2	2,8286
School of Allied Health	TTUHSC	3	1	2	4	3	4	2	2,7857
HSC Libraries (4 locations)	TTUHSC	2	1	4	4	3	4	2	2,7714
President's Office	TTUHSC	3	2	3	2	2	3	4	2,7571
Operations and Student Support Services	TTUHSC	2	2	3	4	3	4	2	2,7000
Center for the Study of Addiction	TTU	2	1	4	3	5	2	3	2,7000
Coordination of College Development	TTU	2	3	3	3	3	3	3	2,6428
Operating Policies & Procedures	TTUHSC	3	3	2	2	2	3	3	2,6286
Center for Applied Research in Advanced Manufacturing	TTU	2	2	3	3	5	2	3	2,6286
Purchasing	TTU	2	3	3	3	3	3	2	2,6857
Vietnam Center	TTU	3	1	3	3	3	2	1	2,5714
Tarbox Parkinson's Disease Institute	TTUHSC	3	2	2	3	3	2	2	2,5571
Texas Tech Police Department	TTUS	2	2	3	3	3	3	3	2,5428
Risk Management	TTUS	2	3	3	2	3	3	3	2,5428
Board of Regents Office	TTUS	2	2	3	3	3	3	3	2,5428
Space Management	TTUHSC	2	2	3	3	3	3	3	2,5428

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2002-2003

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT CONTRL	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Safety Department	TTUHSC	2	2	3	3	3	3	3	2,5428
Grants & Contracts Accounting	TTU	2	3	3	3	2	3	3	2,5428
Southwest Institute for Addictive Diseases	TTUHSC	3	2	3	2	2	2	2	2,5286
Wind Engineering--Reese Center	TTU	2	1	3	3	5	2	3	2,5286
Wind Engineering Research Center	TTU	2	1	3	3	5	2	3	2,5286
Water Resources Center	TTU	2	1	3	3	5	2	3	2,5286
The Curriculum Center for Family and Consumer Sciences	TTU	2	1	3	3	5	2	3	2,5286
The Center for Pulsed Power & Power Electronics	TTU	2	1	3	3	5	2	3	2,5286
Texas Wine Marketing Research Institute	TTU	2	1	3	3	5	2	3	2,5286
Rural Airborne Particulate Matter Research Center	TTU	2	1	3	3	5	2	3	2,5286
Nano Tech Center	TTU	2	1	3	3	5	2	3	2,5286
Murdough Center for Engineering Professionalism	TTU	2	1	3	3	5	2	3	2,5286
MRI Petrophysical Applications Center	TTU	2	1	3	3	5	2	3	2,5286
Institute for Design and Advanced Technology	TTU	2	1	3	3	5	2	3	2,5286
Institute for Child and Family Services	TTU	2	1	3	3	5	2	3	2,5286
College of Human Sciences	TTU	2	1	3	3	5	2	3	2,5286
Child Development Research Center	TTU	2	1	3	3	5	2	3	2,5286
Center for Systems Solutions	TTU	2	1	3	3	5	2	3	2,5286
Center for Partnerships in Science & Technology	TTU	2	1	3	3	5	2	3	2,5286
Center for Multidisciplinary Research in Transportation	TTU	2	1	3	3	5	2	3	2,5286
Center for Financial Responsibility	TTU	2	1	3	3	5	2	3	2,5286
Legislative Appropriations Request	TTUHSC	2	3	2	1	4	4	3	2,4857
Odessa School of Nursing - AdmissionS & Student Affairs	TTUHSC	2	3	3	3	3	2	2	2,4714
School of Medicine	TTUHSC	2	1	2	4	3	4	2	2,4286
School of Biomedical Sciences	TTUHSC	2	1	2	4	3	4	2	2,4286
Correctional Health Care Operations	TTUHSC	2	2	3	3	3	2	3	2,4286
Communication Disorder Clinic	TTUHSC	2	1	2	4	3	4	2	2,4286
Allied Health Income Plan	TTUHSC	2	1	2	4	3	4	2	2,4286
Admissions and Student Affairs	TTUHSC	2	1	2	4	3	4	2	2,4286
Virginia Murray Sowell Center for Research and Education in Visual Impairment	TTU	2	2	3	3	3	2	3	2,4286
Tax Compliance	TTU	2	4	3	2	2	2	3	2,4286
MailTech	TTU	2	2	3	3	3	2	3	2,4286
Annual Budgeting	TTU	2	4	2	1	1	5	3	2,4000
School of Law	TTU	1	3	3	3	4	3	3	2,3857
Payroll	TTU	2	3	2	2	2	4	3	2,3857
Law Library	TTU	1	3	3	3	4	3	3	2,3857
College of Education	TTU	1	3	3	3	4	3	3	2,3857
College of Arts & Sciences	TTU	1	4	3	3	3	3	3	2,3857
Building maintenance and construction	TTU	1	4	3	3	3	3	3	2,3857

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2002-2003

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT CONTRL	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Student Services	TTUHSC	2	2	1	4	3	4	2	2,3574
Shipping & Receiving	TTUHSC	2	2	2	3	4	2	3	2,3574
Registrar	TTUHSC	2	2	1	4	3	4	2	2,3574
Customer Service & Performance Improvement	TTUHSC	2	1	3	2	2	4	3	2,3574
Border Health Center	TTUHSC	3	2	2	2	2	2	2	2,3574
Area Health Education Center (AHEC)	TTUHSC	3	2	2	2	2	2	2	2,3574
VP for Institutional Advancement & Marketing	TTU	2	1	3	2	2	4	3	2,3574
University Marketing	TTU	2	1	3	2	2	4	3	2,3574
Academic Fundraising	TTU	2	1	3	2	2	4	3	2,3574
Legislative Appropriations Request	TTU	2	4	2	1	1	5	2	2,3429
VP for Technology & Information Systems	TTU	2	2	3	3	3	2	1	2,3143
VP for Research, Graduate Studies & Technology Transfer	TTU	2	2	3	3	3	2	1	2,3143
Telecommunications	TTU	2	2	3	3	3	2	1	2,3143
Technology Transfer	TTU	2	2	3	3	3	2	1	2,3143
Technology Assessment & Support	TTU	2	2	3	3	3	2	1	2,3143
Research Services	TTU	2	2	3	3	3	2	1	2,3143
IT Customer Service	TTU	2	2	3	3	3	2	1	2,3143
Information Systems	TTU	2	2	3	3	3	2	1	2,3143
Information Management & Institutional Research	TTU	2	2	3	3	3	2	1	2,3143
Graduate School	TTU	2	2	3	3	3	2	1	2,3143
Graduate Programs	TTU	2	2	3	3	3	2	1	2,3143
Federal Initiatives	TTU	2	2	3	3	3	2	1	2,3143
Double T Shoppe	TTU	2	2	3	3	3	2	1	2,3143
Data Operations	TTU	2	2	3	3	3	2	1	2,3143
Academic/Administration Computing	TTU	2	2	3	3	3	2	1	2,3143
Lubbock School of Nursing - AdmissionS & Student Affairs	TTUHSC	2	3	2	3	3	2	2	2,3000
VP for Operations	TTU	1	3	3	3	3	3	3	2,2857
Upward Bound	TTU	1	3	3	3	3	3	3	2,2857
TTU Library	TTU	1	3	3	3	3	3	3	2,2857
TEAM Testing Center	TTU	1	3	3	3	3	3	3	2,2857
Student Publications	TTU	1	3	3	3	3	3	3	2,2857
Student Legal Services	TTU	1	3	3	3	3	3	3	2,2857
Student Health Services	TTU	1	3	3	3	3	3	3	2,2857
Student Government Association	TTU	1	3	3	3	3	3	3	2,2857
Ombudsman Office	TTU	1	3	3	3	3	3	3	2,2857
Human Sciences	TTU	1	3	3	3	3	3	3	2,2857
Honors College	TTU	1	3	3	3	3	3	3	2,2857
Environmental Health & Safety	TTU	1	3	3	3	3	3	3	2,2857
Counseling Center	TTU	1	3	3	3	3	3	3	2,2857

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2002-2003

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT. CONTRL.	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Contracts--Bank, Restaurants, Select-A-Seat	TTU	1	3	3	3	3	3	3	2,2857
Career Center	TTU	1	3	3	3	3	3	3	2,2857
Bookstore	TTU	1	3	3	3	3	3	3	2,2857
Architecture	TTU	1	3	3	3	3	3	3	2,2857
Agricultural Sciences & Natural Resources	TTU	1	3	3	3	3	3	3	2,2857
General Services	TTUHSC	1	3	3	3	4	2	3	2,2714
The Institute of Environmental and Human Health (TIEHH)	TTU	1	2	3	3	5	2	3	2,2714
Teaching, Learning & Technology Center	TTU	1	2	3	3	5	2	3	2,2714
Northwest Texas Small Business Development Center	TTU	1	2	3	3	5	2	3	2,2714
Northwest Texas International Trade Center	TTU	1	2	3	3	5	2	3	2,2714
International Center for Arid and Semiarid Land Studies	TTU	1	2	3	3	5	2	3	2,2714
Institute for the Development and Enrichment of Advanced Learners (IDEAL)	TTU	1	2	3	3	5	2	3	2,2714
Edith Angel Environmental Research Center (EAERC)	TTU	1	2	3	3	5	2	3	2,2714
Center for High Performance Computing	TTU	1	2	3	3	5	2	3	2,2714
Center for Health Care Strategy	TTU	1	2	3	3	5	2	3	2,2714
Texas Tech Medical Center Southwest	TTUHSC	2	2	2	3	3	2	3	2,2671
Health Education Training Centers Alliance of Texas--West Region (HETCAT)	TTUHSC	3	1	2	2	2	2	2	2,2671
Health Care Systems Commercial Activities	TTUHSC	2	2	2	3	3	2	3	2,2671
Property Inventory	TTU	1	3	3	3	3	3	2	2,2288
Institute for Research in Plant Stress	TTU	2	2	3	3	3	1	1	2,2000
Office of General Counsel	TTUS	1	2	3	3	3	3	3	2,1857
Governmental Relations	TTUS	1	2	3	3	3	3	3	2,1857
Heating and Cooling	TTU	1	2	3	3	3	3	3	2,1857
Engineering services	TTU	1	2	3	3	3	3	3	2,1857
Center for Child and Adolescent Development and Resiliency	TTU	1	1	3	3	5	2	3	2,1714
Center for Biotechnology and Genomics	TTU	1	1	3	3	5	2	3	2,1714
Center for Applied Petrophysical Studies	TTU	1	1	3	3	5	2	3	2,1714
Center for Applied Acoustics Research and Development	TTU	1	1	3	3	5	2	3	2,1714
Nursing Income Plan	TTUHSC	1	3	3	3	3	2	2	2,1143
Wildlife and Fisheries Management Institute	TTU	2	1	3	3	3	1	1	2,1000
Thornton Agricultural Finance Institute	TTU	2	1	3	3	3	1	1	2,1000
International Textile Center	TTU	2	1	3	3	3	1	1	2,1000
Center for Historic Preservation and Technology	TTU	2	1	3	3	3	1	1	2,1000
Center for Applied Systems Analysis	TTU	2	1	3	3	3	1	1	2,1000
Warehouse	TTU	1	1	3	3	3	3	3	2,0857
Utilities	TTU	1	1	3	3	3	3	3	2,0857
Transportation Services	TTU	1	1	3	3	3	3	3	2,0857
Southwest Collection	TTU	1	3	3	3	1	3	3	2,0857
Postal/Mail/Copier Services	TTU	1	1	3	3	3	3	3	2,0857

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2002-2003

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT CONTRL	ABILITY	CHANGES	MATERIALITY	LAST ALOIT	
Material resources	TTU	1	1	3	3	3	3	3	2.0857
Lockshop	TTU	1	1	3	3	3	3	3	2.0857
Intercollegiate Sports Programs	TTU	1	3	3	3	1	3	3	2.0857
Custodial services	TTU	1	1	3	3	3	3	3	2.0857
Athletic Student Services	TTU	1	3	3	3	1	3	3	2.0857
Athletic Strength Training & Fitness	TTU	1	3	3	3	1	3	3	2.0857
Athletic Media Relations	TTU	1	3	3	3	1	3	3	2.0857
Athletic Marketing	TTU	1	3	3	3	1	3	3	2.0857
Athletic Licensing	TTU	1	3	3	3	1	3	3	2.0857
Athletic Facilities & Operations	TTU	1	3	3	3	1	3	3	2.0857
Athletic Business & Personnel	TTU	1	3	3	3	1	3	3	2.0857
HSC Relations	TTUHSC	1	1	2	4	3	4	2	2.0714
Classroom Support	TTUHSC	1	1	2	4	3	4	2	2.0714
Admissions and Student Affairs	TTUHSC	1	1	2	4	3	4	2	2.0714
Laboratory Animal Resources Center (LARC)	TTUHSC	2	2	2	2	2	2	3	2.0571
Presidential Internship Program	TTU	2	2	2	2	2	2	3	2.0571
Wellness Center	TTUHSC	1	2	3	3	3	2	2	2.0143
Strategic Planning	TTU	2	2	2	2	2	2	2	2.0000
International Cultural Center	TTU	2	2	2	2	2	2	2	2.0000
Deans--Colleges	TTU	2	2	2	2	2	2	2	2.0000
Comptroller	TTU	2	2	2	2	2	2	2	2.0000
Vehicle Rental	TTUHSC	1	2	2	3	4	2	3	2.0000
National Ranching Heritage Center	TTU	1	2	3	4	2	2	1	1.9571
Extended Studies	TTU	1	4	2	2	2	3	2	1.9571
Microfilm & Electronic Imaging	TTUHSC	1	1	3	3	4	1	3	1.9571
Managed Care Operations (Title V, HMO Admin)	TTUHSC	1	4	3	3	1	1	3	1.9571
Custodial Contract	TTUHSC	2	1	2	2	2	2	3	1.9571
Copy Service	TTUHSC	1	1	3	3	4	1	3	1.9571
Center for Forensic Studies	TTU	1	1	3	3	5	1	1	1.9429
Benefits	TTU	1	3	2	2	2	3	3	1.9143
Central Warehouse	TTU	1	2	3	3	2	2	2	1.9143
Warehouse	TTUHSC	1	1	2	3	4	2	3	1.9000
Community Relations	TTUS	1	1	3	3	2	2	3	1.8714
Special Events	TTUS	1	2	3	3	2	1	3	1.8571
Swift Print	TTUHSC	1	1	3	2	4	1	3	1.8571
Mail Service	TTUHSC	1	1	3	2	4	1	3	1.8571
Texas Center for Innovative Organizations	TTU	1	1	3	3	3	2	1	1.8571
Southwest Center for German Studies	TTU	1	1	3	3	3	2	1	1.8571
Leather Research Institute	TTU	1	1	3	3	3	2	1	1.8571

TEXAS TECH UNIVERSITY SYSTEM
RISK ASSESSMENT
2002-2003

		2.5	0.7	1.2	0.7	0.7	0.8	0.4	
		INTEREST	COMPLEXITY	INT. CONTRL.	ABILITY	CHANGES	MATERIALITY	LAST AUDIT	
Institute for the Mathematics of the Life Sciences	TTU	1	1	3	3	3	2	1	1.0574
Institute for Studies in Pragmaticism	TTU	1	1	3	3	3	2	1	1.0574
Institute for Leadership Research	TTU	1	1	3	3	3	2	1	1.0574
Institute for Communications Research	TTU	1	1	3	3	3	2	1	1.0574
Institute for Banking and Financial Studies	TTU	1	1	3	3	3	2	1	1.0574
Cooperative Institute for Convective Meteorology Studies	TTU	1	1	3	3	3	2	1	1.0574
Center of Sports Health and Human Performance	TTU	1	1	3	3	3	2	1	1.0574
Center for the Study of Regional Economic and Industrial Development	TTU	1	1	3	3	3	2	1	1.0574
Center for the Interaction of the Arts and Sciences	TTU	1	1	3	3	3	2	1	1.0574
Center for the Integration of Science, Education, & Research	TTU	1	1	3	3	3	2	1	1.0574
Center for Public Service	TTU	1	1	3	3	3	2	1	1.0574
Center for Professional Development	TTU	1	1	3	3	3	2	1	1.0574
Center for Petroleum Mathematics	TTU	1	1	3	3	3	2	1	1.0574
Center for Entrepreneurial and Family Business	TTU	1	1	3	3	3	2	1	1.0574
Pork Industry Institute for Research & Education	TTU	1	2	3	3	3	1	1	1.0429
International Center for Food Industry Excellence	TTU	1	2	3	3	3	1	1	1.0429
Fire Ecology Center	TTU	1	2	3	3	3	1	1	1.0429
Center for Agricultural Technology Transfer	TTU	1	2	3	3	3	1	1	1.0429
Chancellor's Council	TTUS	1	1	3	3	2	1	3	1.7671
Cotton Economics Research Institute	TTU	1	1	3	3	3	1	1	1.7428
Center for Feed Industry Research & Education	TTU	1	1	3	3	3	1	1	1.7428
Architecture Research Center	TTU	1	1	3	3	3	1	1	1.7428
Athletic Director	TTU	1	3	2	2	1	2	3	1.7000
Movers	TTUHSC	1	1	2	2	4	1	3	1.6857
Teaching Learning & Technology Center (TLTC)	TTU	1	2	2	1	2	2	2	1.5428
Quality Service & Professional Development	TTU	1	1	1	1	1	1	3	1.1143
University Press	TTU	1	1	1	1	1	1	1	1.0000
Freshman Seminar	TTU	1	1	1	1	1	1	1	1.0000
Academic Matters	TTU	1	1	1	1	1	1	1	1.0000
Academic Facilities	TTU	1	1	1	1	1	1	1	1.0000