TEXAS TECH UNIVERSITY SYSTEM™

Office of Audit Services

Annual Audit Report
For the Year Ended August 31, 2008

Kimberly F. Turner, CPA
Chief Audit Executive

October 31, 2008

Transmittal Letter

October 31, 2008

Mr. Dan Serna, Chair
Board of Regents Audit Committee
Texas Tech University System

Dear Mr. Serna:

We are pleased to submit the annual report of the Office of Audit Services of Texas Tech University System for the year ended August 31, 2008. This report fulfills the requirements set out in the Texas Internal Auditing Act (V.T.C.A., Government Code § 2102.009, Annual Report). It provides information related to our audit plan, a copy of our most recent peer review, a list of completed engagements, a list of external audit services procured, and a list of our other activities.

We believe the work of our office has contributed to the efficient and effective operation of Texas Tech University System by making positive contributions to risk management efforts, control systems, and governance processes. During the year ended August 31, 2008, we issued 53 reports related to various engagements, and the results of our work have been communicated to the Board of Regents Audit Committee and to the administration.

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

Sincerely,

Kimberly F. Turner, CPA
Chief Audit Executive

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

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Annual Plan for Fiscal Year 2008

The annual audit plan for Texas Tech University System for the year ended August 31, 2008, which is included in this report, was approved by the Audit Committee of the Board of Regents on August 9, 2007. Of the 43 engagements planned for fiscal year 2007, 33 were completed and 10 were in progress at year-end. An additional 14 projects in progress at September 1, 2007, were completed during the year. Two required audits were added to the audit plan during the year. These audits were externally mandated.

There were no audits cancelled during fiscal year 2008; however, three engagements were added during the year as a result of changing risks and priorities, which were discussed with the Audit Committee. The additional audits were as follows:

> Office of Investments, Operational
> International Travel, Operational and Compliance
> Athletics Business Office, Controls

In addition to the planned engagements and other risk-based engagements, our office began 11 unplanned or special projects and investigations during the year due to changing risks and priorities, reports on the Texas Tech Compliance Hotline, or other factors. Six were completed and five were in progress as of August 31, 2008.

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

Annual Plan for Fiscal Year 2008

TEXAS TECH UNIVERSITY SYSTEM

Office of Audit Services

Annual Audit Plan
For the Year Ending August 31, 2008

Kimberly F. Turner, CPA
Chief Audit Executive

August 9, 2007

Annual Plan for Fiscal Year 2008

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Annual Plan for Fiscal Year 2008

Transmittal Letter

August 9, 2007

Mr. Daniel T. Serna, CPA

Audit Committee Chair, Texas Tech Board of Regents

We are pleased to submit the annual plan of the Office of Audit Services of Texas Tech University System for the year ending August 31, 2008. The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled approximately thirty percent of our time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work.

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

Sincerely,

Kimberly F. Turner, CPA

Chief Audit Executive

Approved by:_____ August 9, 2007

Mr. Daniel T. Serna, CPA

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Annual Plan for Fiscal Year 2008

Mission Statement

The staff members of the Office of Audit Services agreed that we should have a mission statement that reflects Texas Tech's commitment to educational excellence, 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 our staff for the benefit of the Board of Regents and management throughout the Texas Tech University System.

> **Mission Statement**
>
> The mission of the Office of Audit Services is to assist the Board of Regents and other units of Texas Tech University System and its components in identifying, avoiding, and mitigating risks.

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Annual Plan for Fiscal Year 2008

Quality Assurance

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

- completing a self-assessment questionnaire at the end of each engagement;

- measuring our performance against predetermined benchmarks that we believe will encourage excellence;

- surveying our clients regarding their level of satisfaction with the services we have provided;

- completing a periodic self-evaluation of our office's operations to gauge compliance with internal auditing standards; and

- submitting to periodic assessment by peer review teams comprised of experienced higher education audit professionals.

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Annual Plan for Fiscal Year 2008

Performance Measures

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

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

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Annual Plan for Fiscal Year 2008

Risk Assessment Process

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

The risk assessment process undertaken to prepare this annual plan was multi-layered. First, management of Texas Tech University System (TTUS), Texas Tech University (TTU), and Texas Tech University Health Sciences Center (TTUHSC), respectively, assessed risk at the institutional level. Each risk assessment began with identification of the major processes significant to the fulfillment of institutional missions. The processes were then analyzed to determine risks related to the achievement of entity objectives, and these risks were classified as to likely impact and probability of occurrence.

Our office also assessed risk for the components of Texas Tech, including Angelo State University, based on input from senior level officials, institutional knowledge, information from past audit and management advisory engagements, and knowledge of nationwide trends and occurrences in higher education and academic healthcare. The process of risk assessment for Angelo State University (ASU) was less formal due to the effective date of ASU's integration into the Texas Tech University System.

The result of these assessments was the identification of strategic, financial, operational, compliance, reputational, and environmental risks facing each institution. Any of the defined processes whose related risks were determined to present a high impact and at least a medium probability of occurrence were considered for inclusion in this annual plan.

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Allocation of Time

Our staff consists of 15 audit professionals. After consideration of estimated time for staff meetings, continuing professional education, holidays, and annual leave, we determined our allocable chargeable time to be approximately 17,700 hours.

Of this 17,700 hours, we estimate 2,300 hours are needed to perform required audits, assist external auditors, and complete other mandatory projects. Additionally, 750 audit hours are needed to complete engagements from the fiscal year 2007 annual audit plan that are in progress at year-end. We have set aside approximately 30 percent of total chargeable time (4,900 hours) for unscheduled projects and other value-added work, including board and management requests, investigations, committee service, and special projects. The remaining 9,750 audit hours have been allocated to the projects listed on pages 9-12 determined through the risk assessment process.

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Planned Engagements

Texas Tech University System and Components

Conflicts of Interest	Governance/Compliance
IT Security	IT Controls
Fraud Risk Assessment	Risk Assessment
Construction Management	Financial/Operational
Information Technology Audits	IT Controls
Research Infrastructure	Operational/Compliance
IDEA Software Script Development	Risk Assessment
Texas Tech University Foundation, Inc.	Financial
Regents, Chancellor, and Presidents Travel and Credit Cards	Compliance
Office of Audit Services Annual Report	Compliance
Office of Audit Services Annual Plan	Compliance
State Auditor's Office Miscellaneous Projects	Miscellaneous
Audit Report Follow-Up Procedures and Reporting	Follow-Up

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Annual Plan for Fiscal Year 2008

Planned Engagements (cont.)

Texas Tech University

Credit Card Customer Information Security	IT Controls
Physical Plant	Operational
College of Engineering	Financial/Controls
Rawls College of Business Administration	Financial/Controls
International Cultural Center	Operational/Compliance
Environmental Health & Safety	Operational/Compliance
Personnel Activity Reporting Process	Compliance
NCAA Compliance	Compliance
Athletics Financial Review	Financial
KOHM-FM	Financial

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Planned Engagements (cont.)

Texas Tech University Health Sciences Center

IDX TES Implementation	IT Controls/Mgt Advisory
Office of Human Resources	Operational/Compliance
Contracting Office	Operational/Compliance
Personnel Activity Reporting Process	Compliance
School of Medicine—Odessa Campus	Operational/Financial
School of Medicine—Amarillo Campus	Operational/Financial
El Paso Dean's Office	Governance
El Paso State Funding	Financial/Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance
Correctional Managed Health Care Committee Contract	Compliance
Family Practice Center at El Paso Contract	Compliance

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Planned Engagements (cont.)

Angelo State University

Student Safety	Controls
Construction Management	Financial/Operational
Carr Foundation Management	Operational/Compliance
Restricted Special Contributions	Financial/Compliance
Controller's Office	Operational/Controls
Student Accounts Receivable	Financial
Investments	Compliance
NCAA Compliance	Compliance
Office of Audit Services Annual Report	Compliance

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Nature of Work

The Office of Audit Services evaluates and contributes to the improvement of risk management, control, and governance processes. The nature of the activities is determined by a risk assessment process undertaken annually with the input of senior management and the Board of Regents. Additionally, management advisory engagements may be planned to improve the management of risks, to add value, and to improve Texas Tech's operations.

The Office of Audit Services' assessments and recommendations for improving Texas Tech's risk management, control, and governance processes are for the purpose of accomplishing the following objectives:

- promoting appropriate ethics and values within Texas Tech
- ensuring effective organizational performance management and accountability
- effectively communicating risk and control information to appropriate areas
- effectively coordinating the activities of and communicating information among our office, the Board of Regents, external auditors, and management

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Annual Plan for Fiscal Year 2008

Nature of Work (cont.)

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

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations, and contracts.

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

The Institute of Internal Auditors, The Professional Practices Framework. (Altamonte Springs: The Institute of Internal Auditors, 2004). pp 14-17

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Audit Process

Audits are performed in three general 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. The illustration on the following page documents the procedures normally employed in the performance of an audit.

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Annual Plan for Fiscal Year 2008

Audit Process (cont.)

Planning

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

Fieldwork

- Develop and perform detailed testing
- Document and evaluate processes and controls
- Interview client staff members
- Perform other audit procedures to meet audit objectives
- Communicate with client on an ongoing basis

Reporting

- Document strengths and opportunities for improvement
- Communicate with client management regarding audit results
- Develop recommendations
- Prepare draft report
- Hold exit conference
- Obtain management response
- Prepare final report
- Evaluate audit performance
- Follow up on significant findings

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TEXAS TECH UNIVERSITY SYSTEM

External Quality Assurance Review

Our most recent external quality assurance review, dated April 28, 2006, indicates that the Office of Audit Services of Texas Tech University System complied in all material respects with the *International Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* and with *Government Audit Standards* as required by the Texas Internal Auditing Act for the period reviewed. A copy of the report is included. Our next quality assurance review will be conducted during fiscal year 2009.
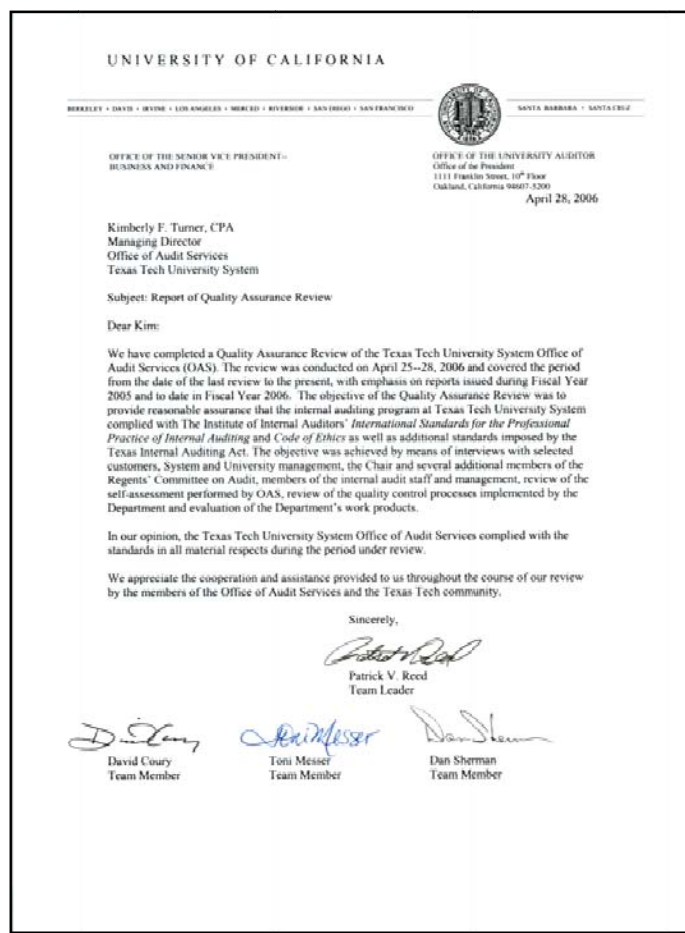
Audits Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007039	9/27/2007	**Advance System Review**	To evaluate the technical support of the Advance System, examine user practices, and ascertain the adequacy of and compliance with record retention policies	Institutional Advancement documents maintained in storage significantly exceed the Texas Tech University Records Retention Schedule. Institutional Advancement should review the records in storage and dispose of records past the appropriate retention period. To clarify ownership of the different types of records in storage, Institutional Advancement should appoint individuals responsible for the review and disposal of each type of record. The responsible individuals should review records each year to determine whether documents should be retained or destroyed.	Fully Implemented		Reduce the risk of noncompliance with operating policy and the risk of compromising confidential information
2007039	9/27/2007	**Advance System Review**	To evaluate the technical support of the Advance System, examine user practices, and ascertain the adequacy of and compliance with record retention policies	Confidential donor and other security sensitive information is not appropriately secured. Institutional Advancement management should take steps to secure donor files and other security sensitive information in storage. Access to the records should be limited to authorized Institutional Advancement personnel only.	Fully Implemented		Reduce the risk of unauthorized access to confidential information
2008014	2/1/2008	**Texas Tech Foundation, Inc. Financial Statements**	To assist external auditors in conducting their annual financial audit	The financial statements present fairly, in all material respects, the financial position of Texas Tech Foundation, Inc. as of August 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.	No recommendation to implement		Reduce the risk of material misstatement
2008015	2/15/2008	**Credit Card and Travel Expenses of Board of Regents, Chancellor and Presidents**	To examine the expense reimbursements and credit card expenses of the Board of Regents, Interim Chancellor, Chancellor, TTU President, and TTUHSC Interim President	We assisted external auditors with their agreed-upon procedures to review 2007 expense reimbursements and credit card expenses of the Board of Regents, Chancellor, Interim Chancellor, and Presidents. No exceptions were noted during the engagement.	No recommendation to implement		Strengthen the control environment

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008085	2/20/2008	**SAO: Federal Portion of the Statewide Single Audit Report**	To ensure compliance with OMB Circular A-21	Related to Texas Tech University, the audit revealed one charge made to a federal grant account that should have been treated as indirect costs. The report also concluded that certain cost transfers originally charged to unrelated federal projects were not handled in compliance with OMB Circular A-21. Additionally, the report concludes that the University was not retaining evidence of a required review to ensure vendors are not suspended, debarred, or otherwise excluded from federal contracts. There were no questioned costs resulting from any of these exceptions. The University indicated agreement with the recommendations and has implemented corrective actions.	Incomplete/ Ongoing	Pending State Auditor follow-up and verification.	Reduce the risk of noncompliance with OMB Circular A-21
2008085	2/20/2008	**SAO: Federal Portion of the Statewide Single Audit Report**	To ensure compliance with OMB Circular A-21	Related to Texas Tech University Health Sciences Center, the audit revealed early disbursement of federal financial aid, lack of documentation that required verification of student information was performed, and incorrect disbursement dates recorded in disbursement records. There were no questioned costs resulting from any of these exceptions. The Health Sciences Center indicated agreement with the recommendations and has implemented corrective actions.	Incomplete/ Ongoing	Pending State Auditor follow-up and verification.	Reduce the risk of noncompliance with OMB Circular A-21
2008075	3/1/2008	**SAO: A Review of Compliance with the Public Funds Investment Act**	To ensure agencies and most higher education institutions complied with the Public Funds Investment Act	Angelo State University, which is subject to the Act, is in full compliance with the Act and higher education investment reporting requirements. The report also indicated that Texas Tech University System, which is exempt from the Act but which is subject to investment reporting requirements, is in full compliance with those requirements.	No recommendation to implement		Reduce the risk of noncompliance with State laws
2008074	3/1/2008	**SAO: An Audit Report on Agencies' and Institutions' Background Check Procedures**	To review agencies' and institutions' background check procedures for deficiencies	The State Auditor's Office recommended that Angelo State University establish written policies and procedures regarding background checks.	Incomplete/ Ongoing	The background check draft form and policy have been written. The planned implementation date of February 1, 2009, corresponds with ASU's online job application "go live" date.	Reduce the risk fraud

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008084	4/1/2008	**SAO: Statewide Single Audit Report for the Year Ended August 31, 2007**	To reduce the risk of material misstatement for the Comprehensive Annual Financial Report for the State of Texas	Annually, the SAO audits the Comprehensive Annual Financial Report (CAFR) for the State of Texas to comply with the Single Audit Act Amendments of 1996 and the Office of Management and Budget (OMB) Circular A-133. The SAO performed the financial portion of the Statewide Single Audit and audited the fiscal year 2007 Schedule of Expenditures of Federal Awards. The SAO concluded the CAFR for the State of Texas accurately presents the financial position and activities of the State for the year ended August 31, 2007. During the audit, the SAO identified certain agencies that need to address weaknesses in order to ensure the accuracy of financial information. None of the institutions within the Texas Tech University System were among those identified.	No recommendation to implement		Reduce the risk of material misstatement
2008043	5/9/2008	**Fraud Risk Assessment**	To gather perceptions of fraud risks at Texas Tech and to promote fraud awareness and prevention	Our office conducted a fraud risk assessment at three TTUHSC campus locations including El Paso, Permian Basin, and Amarillo. In addition, a fraud risk assessment was performed for Angelo State University. Management was informed of participants' perceptions of fraud risks on the campuses. Our office plans to incorporate audit work related to these areas.	No recommendation to implement		Reduce fraud risk for Texas Tech University System
2008062	7/24/2008	**Office of Investments**	To evaluate the Office of Investments vendor selection processes, policies governing the Office of Investments, and the process for monitoring the portfolio	The Long Term Investment Fund (LTIF) legal contract file for 2007 through 2008 could not be located. In addition, the vendor invoices for the LTIF legal work were not submitted to the Office of General Counsel to receive approval from the Texas Attorney General's Office as required by state law. Management should route the LTIF legal contracts through General Counsel for approval and the Contracting Office so that contracts are retained as appropriate. All future invoices received from outside legal counsel should be forwarded to the Office of General Counsel prior to payment.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with State law

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008062	7/24/2008	**Office of Investments**	To evaluate the Office of Investments vendor selection processes, policies governing the Office of Investments, and the process for monitoring the portfolio	Regents' Rule 09 establishes Texas Tech's investment policy; however, including this policy in the Regents' Rules may not allow enough flexibility for Texas Tech to utilize the best investment strategy. There are plans for the new Chief Investment Officer to work with the Board of Regents and the Investment Advisory Committee to evaluate Regents' Rule 09 and recommend updates for approval by the Board of Regents. We concur with this plan.	Incomplete/ Ongoing	Pending future implementation date	Increase effectiveness of the investment strategy
2008062	7/24/2008	**Office of Investments**	To evaluate the Office of Investments vendor selection processes, policies governing the Office of Investments, and the process for monitoring the portfolio	The Chief Investment Officer should provide specific written policies and procedures for any types of purchases, including laddered bonds, over which Office of Investments staff members have significant decision making ability. Written guidance should also address the monitoring of vendor selection.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of undisclosed conflicts of interest
2008024	7/30/2008	**Conflicts of Interest**	To evaluate institutional conflict of interest policies and identify best practices for the governance of conflicts of interest	An overall conflicts of interest policy does not exist. An overall policy should be developed for inclusion within the conflicts of interest section of the ethics framework. The policy should be developed by the Board of Regents and adopted by each institution for consistent inclusion within their operating policy manual.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of conflicts of interest
2008024	7/30/2008	**Conflicts of Interest**	To evaluate institutional conflict of interest policies and identify best practices for the governance of conflicts of interest	Conflict of interest awareness education is not formally provided to the Board, senior management, or Texas Tech faculty and staff. In addition, affirmation procedures related to conflicts of interest do not exist. Texas Tech should develop awareness education to be provided annually to all employees. Written acknowledgement that employees have attended education and understand related policies should be required.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of conflicts of interest

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008024	7/30/2008	**Conflicts of Interest**	To evaluate institutional conflict of interest policies and identify best practices for the governance of conflicts of interest	The conflicts of interest language in Regents' Rule 09 is ambiguous, and expectations related to conflict of interest disclosures are not clearly defined. Because requirements are not well-defined, few procedures currently exist to ensure compliance with the existing rule. Regents' Rule Chapter 09 should be revised and expanded to clarify disclosure requirements for the various funds. Then, monitoring procedures should be developed and delegated to the Chief Financial Officer or the Chief Investments Officer.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of conflicts of interest
2008024	7/30/2008	**Conflicts of Interest**	To evaluate institutional conflict of interest policies and identify best practices for the governance of conflicts of interest	Texas Tech has a number of conflict of interest policies specific to functional areas, but these policies do not consistently require written disclosures or outline review and monitoring procedures. In addition, these policies are dispersed throughout the Regents' Rules and institutional operating policy manuals. Each institution's conflicts of interest policies should be reviewed and revisions should be made to ensure that policies governing similar types of conflicts are aligned and to ensure that policies are consistent with the overall policy.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of conflicts of interest
2008024	7/30/2008	**Conflicts of Interest**	To evaluate institutional conflict of interest policies and identify best practices for the governance of conflicts of interest	Texas Tech does not have a formal policy that requires senior management to disclose conflicts of interest; therefore, conflicts at this level are not disclosed or monitored. A policy applicable to senior management should be developed for inclusion within the conflicts of interest section of the ethics framework. The Board of Regents should review and approve the policy biennially.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of conflicts of interest
2008024	7/30/2008	**Conflicts of Interest**	To evaluate institutional conflict of interest policies and identify best practices for the governance of conflicts of interest	There is not a policy to reinforce the statutory requirement that the Board of Regents, Chancellor, and Presidents submit annual financial statement disclosures to the Texas Ethics Commission. An institutional policy should be developed to ensure compliance with Texas Ethics Commission financial statement disclosure requirements.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of conflicts of interest

Audits Completed

Texas Tech University

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007058	8/15/2007	**SAO: Enrollment Reporting by Texas Universities**	To enhance accountability for enrollment reporting	The State Auditor's Office (SAO) conducted a statewide audit. Enrollment data is self-reported each semester to the Texas Higher Education Coordinating Board and is used in calculating enrollment-based formula funding appropriations for each institution. The calculated error rate for Texas Tech University was .48%, which is well within the 2% error rate allowed by the General Appropriations Act. No further action is required by Texas Tech University related to this audit.	No recommendation to implement		Reduce the risk of enrollment reporting errors
2007042	8/16/2007	**Research Incentive Awards**	To determine the processes used by deans and unit directors to allocate research incentive awards and to determine if research incentive awards were spent in support of research	Based on expenditure testing performed during this engagement, we determined that three expenditures were not spent in the direct or indirect support of research activities. We discussed the expenditures with the appropriate personnel, and prior to issuance of this audit report, the involved departments reimbursed the affected research incentive awards accounts for the three expenditures. Therefore, no specific recommendation was made. However, implementation of the best practices for allocating research incentive awards would help ensure inappropriate expenditures do not continue.	No recommendation to implement		Reduce the risk of noncompliance with State law
2007042	8/16/2007	**Research Incentive Awards**	To determine the processes used by deans and unit directors to allocate research incentive awards and to determine if research incentive awards were spent in support of research	The processes used to allocate research incentive awards within the college or unit are adequate and encourage further research within the units; however, we noted several best practices that would improve communication of the allocation process to faculty members, accountability for the allowable use of the funds, and monitoring of the expenditures by the deans and unit directors. The Vice President for Research should disseminate the best practices to the deans and unit directors when research incentive awards are distributed.	Fully Implemented		Reduce the risk of noncompliance with State law

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007043	9/17/2007	**School of Law**	To evaluate controls related to the admissions revenue process, the Integrated Library System (ILS), and the Law Library's acquisition and catalog processes	The ILS user passwords are shared with users' supervisors and are not set to expire or to be changed. ILS user passwords should not be shared with supervisors and should be changed periodically.	Fully Implemented		Reduce the risk of unauthorized access to systems
2007043	9/17/2007	**School of Law**	To evaluate controls related to the admissions revenue process, the Integrated Library System (ILS), and the Law Library's acquisition and catalog processes	The Admissions Office receives payments from students participating in the Summer Law Institute in Guanajuato, Mexico. Controls have not been established to ensure funds are safeguarded, receipted, and deposited in accordance with Texas Tech University operating policy. Management should consider transferring the collection function to another area in the School and should establish internal controls to safeguard and process funds in accordance with operating policy.	Incomplete/ Ongoing	Duties have been transferred; however, pending OAS verification to ensure functioning effectively.	Reduce the risk of error or fraud
2007043	9/17/2007	**School of Law**	To evaluate controls related to the admissions revenue process, the Integrated Library System (ILS), and the Law Library's acquisition and catalog processes	The Admissions Office has developed policies and procedures for some, but not all, of the admissions processes; however, the existing policies are not completely documented in one resource. The Admissions Office should develop one resource for the internal policies and procedures governing the admissions processes.	Factors delay implementation	Banner implementation will change processes. New procedures will be documented six months after Banner implementation.	Increase effectiveness and efficiency of Admissions processes
2007043	9/17/2007	**School of Law**	To evaluate controls related to the admissions revenue process, the Integrated Library System (ILS), and the Law Library's acquisition and catalog processes	The Admissions Office structure and fast-paced environment does not allow for segregation of duties or for timely deposits of funds. Management should consider segregating these functions by transferring aspects of the receipting and depositing processes to other areas within the School. Transferring aspects of the processes would provide segregation and help ensure funds are deposited timely.	Fully Implemented		Reduce the risk of error or fraud

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007043	9/17/2007	**School of Law**	To evaluate controls related to the admissions revenue process, the Integrated Library System (ILS), and the Law Library's acquisition and catalog processes	Credit card deposits and refunds are not verified by anyone after an Admissions Office employee processes the transactions. This employee is also involved with all other aspects of receiving payments. Management should consider transferring the deposit responsibilities to another area; however, if transferring the deposit responsibilities is not feasible, more oversight should be provided for credit card payments and refunds.	Fully Implemented		Reduce the risk of error or fraud
2007043	9/17/2007	**School of Law**	To evaluate controls related to the admissions revenue process, the Integrated Library System (ILS), and the Law Library's acquisition and catalog processes	The seat deposit balance sheet account is reconciled annually by an Admissions Office employee who is also involved with the receiving, depositing, waiving, and refunding of seat deposits. Someone outside of the Admissions Office should perform the reconciliation on a more frequent basis.	Incomplete/ Ongoing	The School plans to perform reconciliations quarterly; however, this process has not yet been completed.	Reduce the risk of error or fraud
2007043	9/17/2007	**School of Law**	To evaluate controls related to the admissions revenue process, the Integrated Library System (ILS), and the Law Library's acquisition and catalog processes	The Admissions Office does not have an effective or efficient system for tracking seat deposits. The Admissions Office should implement an internal spreadsheet documenting the receiving, refunding, and returning of the seat deposits.	Fully Implemented		Increase effectiveness and efficiency
2007043	9/17/2007	**School of Law**	To evaluate controls related to the admissions revenue process, the Integrated Library System (ILS), and the Law Library's acquisition and catalog processes	The Law Library has not developed a procedure to ensure the ILS user access levels are revised and updated periodically. The Law Library should develop a procedure to review the user access levels annually to ensure access levels are still appropriate for users.	Fully Implemented		Reduce the risk of unauthorized access to systems

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007060	9/24/2007	**Contracting Office**	To ensure contracts are executed in compliance with state law and institutional policy	We noted occurrences where required contractor insurance coverage lapsed during the contract term, and Contracting did not follow up to obtain updated insurance verification. The Office of Risk Management is implementing a new system which should improve the insurance renewal tracking process. Contracting management should monitor the process to ensure employees are following departmental procedures for obtaining updated certificates of insurance prior to expiration of the current insurance coverage.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with institutional policies and State law
2007060	9/24/2007	**Contracting Office**	To ensure contracts are executed in compliance with state law and institutional policy	There is not a consolidated database to effectively manage all necessary contract information. Management anticipates that the implementation of TechBid and SciQuest will assist with contract management. Following the implementation of these systems, management should determine the specific contract information that will need to be tracked separately from, or in addition to, the new information systems. A consolidated database should then be developed to efficiently manage the contract repository function and to improve the contract monitoring process.	Incomplete/ Ongoing	Pending future implementation date	Increase the effectiveness of contract compliance and management
2007060	9/24/2007	**Contracting Office**	To ensure contracts are executed in compliance with state law and institutional policy	Contracting does not have an effective process in place to determine if conflicts of interest exist between vendors and the responsible University departmental employee who is procuring the goods or services. The contract routing sheet includes questions that attempt to determine whether there are existing conflicts of interest. However, Contracting is processing contracts for which this portion of the routing sheet is incomplete. Contracting should require departments to complete the contract routing sheet questions that address conflicts of interest.	Incomplete/ Ongoing	Pending OAS verification	Reduce the risk of undisclosed conflicts of interest

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2007060	9/24/2007	**Contracting Office**	To ensure contracts are executed in compliance with state law and institutional policy	There is not a process for Contracting employees to formally disclose existing or potential conflicts of interest with vendors. Contracting management should implement a process that would allow for employees to formally disclose existing or potential conflicts of interest. Procedures should also be in place for employees to update annual disclosures throughout the year as necessary.	Fully Implemented		Reduce the risk of undisclosed conflicts of interest
2007060	9/24/2007	**Contracting Office**	To ensure contracts are executed in compliance with state law and institutional policy	We noted occurrences where Contracting did not timely notify departments of upcoming renewal option deadlines. Contracting management should re-emphasize to employees the importance of timely initiation of the renewal decision process. Management should also increase monitoring to ensure employees are following departmental procedures for timely reminders to departments.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with institutional policies and State law
2008055	9/25/2007	**PostTech Cash Controls**	To evaluate cash handling and depositing procedures for PostTech	Although PostTech has made efforts to implement controls in cash handling procedures, there are additional opportunities to safeguard University funds. The levels of cash and inventory maintained at the cashier stations should be limited to a minimum operable level. In addition, a University endorsement stamp should accompany each cashier drawer. Cashiers should stamp the endorsement on checks made payable to the University at the time of receipt.	Fully Implemented		Reduce the risk of loss or theft of assets
2008055	9/25/2007	**PostTech Cash Controls**	To evaluate cash handling and depositing procedures for PostTech	Management has opportunities to implement inventory and cash access control policies. Management should limit access to the safe combination and inventory. In addition, PostTech personnel should not be permitted to share cashier drawers.	Fully Implemented		Reduce the risk of loss or theft of assets

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Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008083	9/28/2007	**Comptroller's Post Payment Audit of Texas Tech University**	To determine whether the University's expenditures comply with certain state laws and rules	The Office of the Comptroller audited certain payroll, purchase, and travel expenditures from appropriated funds of Texas Tech University. The audit revealed errors in transactions whose projected value is $14,910 from a population of $161 million in transactions, or 0.009%. The Comptroller's Office detailed findings related to salary overpayment, incorrect, or duplicate payment amounts, missing documentation, and payment scheduling errors. The report also detailed a concern with segregation of duties within expenditure processing, which has been corrected.	Incomplete/ Ongoing	Pending State of Texas Comptroller follow-up and verification.	Reduced the risk of noncompliance with State laws
2007063	10/22/2007	**Office of Parent Relations**	To determine whether controls existed in the financial processes and to determine whether funds were expended in support of Tech Parents and/or Parent Relations	Tech Parents Board approved the purchase of accounting software for the Parent Relations staff member to use for the Tech Parents financial processes; however, this software has not been purchased. Efficiencies could be gained by using software for the financial processes. We encourage the Parent Relations staff to continue to work with the Tech Parents Board so that the software can be purchased and implemented.	Fully Implemented		Improve efficiencies in the process
2007063	10/22/2007	**Office of Parent Relations**	To determine whether controls existed in the financial processes and to determine whether funds were expended in support of Tech Parents and/or Parent Relations	Parent Relations staff members have signature authority for the Tech Parents bank accounts. Checks are generally signed by two individuals; however, the checks do not indicate that two signatures are required. Parent Relations should review existing controls with Tech Parents to determine if two signatures are required. If two signatures are required, processes should be developed to ensure two signatures are always used.	Fully Implemented		Reduce the risk of loss or theft of assets
2007063	10/22/2007	**Office of Parent Relations**	To determine whether controls existed in the financial processes and to determine whether funds were expended in support of Tech Parents and/or Parent Relations	The Tech Parents Board has minimal involvement with the financial processes. We encourage the Parent Relations staff to involve the Tech Parents Board, especially the President and Treasurer, in the financial processes. Involving the Tech Parents Board will assist with segregation of Tech Parents accounting functions and will provide more oversight of the financial processes. Segregation and oversight are critical components of a sound control structure.	Fully Implemented		Reduce the risk of loss or theft of assets

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2007063	10/22/2007	**Office of Parent Relations**	To determine whether controls existed in the financial processes and to determine whether funds were expended in support of Tech Parents and/or Parent Relations	The memorandum of understanding between Texas Tech University and Tech Parents states that Texas Tech University will provide limited storage space, staff and IT support. However, the level of support provided to Tech Parents appears to exceed the limited amount intended by the memorandum. Because the level of support provided to Tech Parents may be more than limited, Texas Tech University should consider defining and quantifying the level of support that will be provided when the memorandum of understanding is updated.	Fully Implemented		Reduce the risk of noncompliance with agreements
2007063	10/22/2007	**Office of Parent Relations**	To determine whether controls existed in the financial processes and to determine whether funds were expended in support of Tech Parents and/or Parent Relations	Written guidelines establishing the number and amount of awards have not been developed for the "door prize" scholarships. The Parent Relations staff, in conjunction with the Tech Parents Board, should develop written guidelines for "door prize" scholarships to help ensure the scholarships are awarded as Tech Parents intends.	Fully Implemented		Reduce the risk of noncompliance with agreements
2007063	10/22/2007	**Office of Parent Relations**	To determine whether controls existed in the financial processes and to determine whether funds were expended in support of Tech Parents and/or Parent Relations	Parent Relations staff is responsible for the Tech Parents financial processes. Tech Parents has six separate off-campus bank accounts. Efficiencies could be gained by consolidating the account balances into only a few bank accounts, thereby decreasing time spent reconciling accounts and transferring funds among accounts.	Fully Implemented		Improve efficiencies in the process
2007041	11/8/2007	**Centers and Institutes**	To evaluate governance for the University's academic and research centers and institutes	Sunset reviews are not always being performed as required to evaluate whether continued existence is in the best interest of the University. Reviews that were completed were often performed by only one or two individuals who may have a vested interest. The Office of the Vice President for Research and the Office of the Provost should each assign specific personnel the responsibility for monitoring compliance with sunset review requirements. Consideration should also be given to establishing a more objective review committee.	Incomplete/ Ongoing	The Office of the Vice President for Research has developed a schedule for those centers and institutes which are due for a review in the upcoming year.	Improve governance for centers and institutes

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2007041	11/8/2007	**Centers and Institutes**	To evaluate governance for the University's academic and research centers and institutes	Centers and Institutes are not always established, modified, and dissolved in accordance with OP 30.17. The Office of the Vice President for Research and the Office of the Provost should assign specific personnel within their offices the responsibility for monitoring compliance with establishment, modification, and dissolution procedures. These individuals should be empowered to enforce policy requirements.	Incomplete/ Ongoing	The operating policy governing centers and institutes has been revised. The Office of the Vice President for Research is responsible for ensuring compliance with this policy.	Reduce the risk of noncompliance with institutional policies
2007041	11/8/2007	**Centers and Institutes**	To evaluate governance for the University's academic and research centers and institutes	Centers and institutes are not submitting assessment reports to the Office of Strategic Planning as required. The Office of the Vice President for Research and the Office of the Provost should assign specific personnel within their offices the responsibility for monitoring compliance with strategic planning requirements and disseminating information to the Office of Strategic Planning.	Fully Implemented		Reduce the risk of noncompliance with institutional policies
2007041	11/8/2007	**Centers and Institutes**	To evaluate governance for the University's academic and research centers and institutes	Compliance monitoring has defaulted to the Office of the Vice President for Research, which has little authority to enforce policies in academic areas. Additionally, reporting lines for centers and institutes are not well-defined in OP 30.17. Deans or other designated University officials may not always be aware of the appropriate reporting lines and their responsibilities. Authority should be aligned with each cognizant official's responsibility. One alternative is to divide responsibilities between the Office of the Vice President for Research and the Office of the Provost.	Fully Implemented		Improve governance for centers and institutes
2007041	11/8/2007	**Centers and Institutes**	To evaluate governance for the University's academic and research centers and institutes	OP 30.17 is difficult to follow and gives minimal guidance on the composition of the review committee. The policy should be revised to provide a foundation for appropriate governance and oversight. General definitions should be included to ensure consistency in nomenclature. Reporting lines and responsibilities should be more clearly defined.	Fully Implemented		Improve governance for centers and institutes

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2007041	11/8/2007	**Centers and Institutes**	To evaluate governance for the University's academic and research centers and institutes	There is a lack of dissemination and facilitation of information among the centers and institutes, colleges, the Office of the Vice President for Research, the Office of the Provost, and the Office of Strategic Planning. Routing mechanisms should be designed to ensure appropriate parties receive timely notification and accurate information. The Office of the Vice President for Research and the Office of the Provost should each assign specific personnel within their offices the responsibility for disseminating information.	Fully Implemented		Reduce the risk of noncompliance with institutional policies
2007065	11/26/2007	**Student Financial Aid Travel Documentation**	To evaluate the support required by Student Financial Aid for reimbursement of travel expenses and to determine whether support existed for the travel reimbursement in question	Travel documentation and supporting information provided by a financial aid employee was not sufficient to warrant reimbursement. In addition, when asked for additional information by our office, the employee could not remember supporting details. To reduce the risk of abuse of the travel process, Student Financial Aid should strengthen its departmental travel procedures by requiring more comprehensive documentation from employees.	Incomplete/ Ongoing	Student Financial Aid has made progress with documentation. Our office plans to provide additional guidance.	Reduce the risk of fraud
2007053	12/11/2007	**Turf Management Special**	To review the financial activity in the Texas Tech accounts for which Dr. Michael Maurer, Assistant Professor in Plant and Soil Sciences, was the account manager	Texas Tech does not owe Dr. Michael Maurer, former Assistant Professor in Plant and Soil Sciences, for any of the amounts requested in October 2006 for the maintenance of the football practice field. Amounts requested were previously paid to the vendors by Texas Tech. Since the Department of Athletics took appropriate action to regain control over the expenditure of funds for the maintenance of the football practice field, we do not have any further recommendations regarding this situation.	No recommendation to implement		Reduce the risk of inappropriate expenditures

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2007053	12/11/2007	**Turf Management Special**	To review the financial activity in the Texas Tech accounts for which Dr. Michael Maurer, Assistant Professor in Plant and Soil Sciences, was the account manager	Dr. Michael Maurer, former Assistant Professor in Plant and Soil Sciences, requested payment on an invoice from a vendor named Rachelle Chandler. We determined this vendor was married to a Texas Tech employee. The Independent Contractor Questionnaire (ICQ) for the vendor, completed by Dr. Maurer, did not disclose the relationship between the vendor and the Texas Tech employee. Since Dr. Maurer is no longer employed at Texas Tech, we could not determine if he was aware of the relationship. Prior to the issuance of this audit report, the ICQ and related TTU Operating Policies were revised to require the determination of conflict of interest prior to initiating payment to a vendor. Additionally, the ICQ is now required to be signed by both the vendor and the account manager. Based on these recent changes to institutional policy, we do not have any additional recommendations.	No recommendation to implement		Reduce the risk of undisclosed conflicts of interest
2007053	12/11/2007	**Turf Management Special**	To review the financial activity in the Texas Tech accounts for which Dr. Michael Maurer, Assistant Professor in Plant and Soil Sciences, was the account manager	A refund check for automotive work was issued to "Tech Turf" and deposited into a Texas Tech Federal Credit Union account called, "Tech Turfgrass Association" by Dr. Michael Maurer, former Assistant Professor in Plant and Soil Sciences. The association is a student organization of which Dr. Maurer was the faculty advisor. Upon review of the credit union statements, we could not determine the appropriateness of some of the transactions without additional detail from the credit union. Therefore, this issue was referred to the Texas Tech Police Department.	No recommendation to implement		Reduce the risk of fraud
2008018	12/20/2007	**KOHM-FM Financial Statements**	To assist external auditors in conducting their annual financial audit	The financial statements present fairly, in all material respects, the financial position of KOHM as of August 31, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.	No recommendation to implement		Reduce the risk of material misstatement

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2008017	12/21/2007	**Intercollegiate Athletics Program Agreed-Upon Procedures**	To assist external auditors in performing agreed-upon procedures to evaluate whether the statement of revenue and expenses is in compliance with NCAA Bylaw 6.2.3	External auditors conducted agreed-upon procedures as required by the NCAA. They were not engaged to perform an audit or examination and did not issue an opinion.	No recommendation to implement		Reduce the risk of noncompliance with NCAA Bylaws
2008070	1/22/2008	**KTXT-TV Financial Statements**	To conduct an annual financial audit (conducted entirely by external auditors)	The financial statements present fairly, in all material respects, the financial position of KTXT as of August 31, 2007 and 2006, and the changes in its financial position and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.	No recommendation to implement		Reduce the risk of material misstatement
2008061	1/30/2008	**NCAA Football Attendance Requirements**	To review attendance at Texas Tech University's home football games	In accordance with NCAA Bylaw 20.9.6.3, our office reviewed attendance at Texas Tech University's home football games in 2007. The Bylaw requires that Division I-A institutions average at least 15,000 in actual attendance for all home football games. The results of our procedures indicate that Texas Tech University's average attendance far exceeded 15,000 at each home football game in 2007.	No recommendation to implement		Reduce the risk of noncompliance with NCAA Bylaws
2008037	2/26/2008	**Environmental Health and Safety Asbestos Compliance Program**	To evaluate the asbestos compliance program for compliance with federal and state regulations and to evaluate the asbestos training process	Two-way communication between Asbestos Compliance Management and University departments is, on occasion, nonexistent or untimely. Environmental Health and Safety management is encouraged to work to facilitate open lines of communication with the administrators, managers, and supervisors whose personnel may encounter or disturb asbestos-containing materials. Additionally, Asbestos Compliance Management should document all project notifications in the project file to demonstrate due diligence in performing its responsibilities.	Fully Implemented		Reduce the risk of noncompliance with federal, state, and institutional policy

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2008037	2/26/2008	**Environmental Health and Safety Asbestos Compliance Program**	To evaluate the asbestos compliance program for compliance with federal and state regulations and to evaluate the asbestos training process	Personnel who might potentially come into contact with or accidentally disturb asbestos-containing material are required to complete a two-hour asbestos awareness course. The audit revealed that various personnel have not taken the required training. Asbestos Compliance Management should be more proactive in communicating the training requirements to department supervisors and project managers. Additionally, Asbestos Compliance Management should consider making the annual asbestos awareness refresher course mandatory.	Fully Implemented		Increase employee safety and reduce the risk of noncompliance with federal, state, and institutional policy
2008028	4/4/2008	**Credit Card Information Security**	To determine if the University is in compliance with the Payment Card Industry (PCI) Data Security Standard	The University has not developed and implemented a formal credit card security awareness program as required by the PCI Data Security Standard. Efforts are under way to develop a formal program. The University should ensure that a credit card security awareness program is implemented.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with PCI Data Security Standard or the compromise of sensitive data
2008028	4/4/2008	**Credit Card Information Security**	To determine if the University is in compliance with the Payment Card Industry (PCI) Data Security Standard	Incorporating non-disclosure language into purchase orders and contracts is a best practice that provides protection in the event that any sensitive data is compromised by the vendor. The University should update language in software contracts and purchase orders to include non-disclosure or confidentiality statement.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with PCI Data Security Standard or the compromise of sensitive data
2008028	4/4/2008	**Credit Card Information Security**	To determine if the University is in compliance with the Payment Card Industry (PCI) Data Security Standard	Accessing servers can introduce security vulnerabilities to the PCI network if not properly managed. The University does not have a process in place to regularly review the list of accessing servers. The University should develop a policy for granting and reviewing server access to the PCI network environment to ensure continued access is secure and warranted. In addition, departments should be held accountable for timely remediation of identified server vulnerabilities.	Incomplete/ Ongoing	A policy has been drafted and is pending necessary approvals.	Reduce the risk of noncompliance with PCI Data Security Standard or the compromise of sensitive data
2008028	4/4/2008	**Credit Card Information Security**	To determine if the University is in compliance with the Payment Card Industry (PCI) Data Security Standard	The information contained within University Operating Policy 72.02, Charge Card Sales by University Departments, is outdated and does not align with the PCI Data Security Standard. The University should revise the policy to provide alignment and compliance with the PCI Data Security Standard.	Incomplete/ Ongoing	A policy has been drafted and is pending necessary approvals.	Reduce the risk of noncompliance with PCI Data Security Standard or the compromise of sensitive data

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2008028	4/4/2008	**Credit Card Information Security**	To determine if the University is in compliance with the Payment Card Industry (PCI) Data Security Standard	The Payment Card Industry (PCI) network environment was developed to facilitate secure credit card transactions and to provide centralized control and security of eCommerce activity. The University should update operating policies to require departments to utilize the PCI network for all eCommerce activity.	Incomplete/ Ongoing	A policy has been drafted and is pending necessary approvals.	Reduce the risk of noncompliance with PCI Data Security Standard or the compromise of sensitive data
2008035	4/14/2008	**Office of International Affairs**	To review expenditure trends, evaluate record retention policies, determine compliance with study abroad programs, and evaluate server configurations	International Affairs operates a security domain separate from the University and maintains independent web, file, application, and database servers. The domain controller was implemented with weak security configurations. Security scans performed on the servers revealed a number of vulnerabilities. We recommended that management integrate their servers into the University domain and utilize eRaider authentication for access to workstations and servers. Management has already initiated the integration process. We encourage completion of this effort.	Incomplete/ Ongoing	Pending future implementation date	Improve the confidentiality, integrity, and availability of the network
2008035	4/14/2008	**Office of International Affairs**	To review expenditure trends, evaluate record retention policies, determine compliance with study abroad programs, and evaluate server configurations	International Affairs files are not secured and access is not limited. Management should ensure that all files containing protected or personally identifiable information are reasonably secured. Documents should be stored in locked filing cabinets and/or access to the storage rooms in which the files are contained should be further limited.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of compromise of sensitive data
2008035	4/14/2008	**Office of International Affairs**	To review expenditure trends, evaluate record retention policies, determine compliance with study abroad programs, and evaluate server configurations	International Affairs is retaining electronic records and paper documents for a significantly longer time period than what is required by institutional policy or federal guidelines related to immigration information. International Affairs should develop a departmental record retention policy. A decision to maintain documents for periods significantly longer than what is minimally required is strongly discouraged.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of compromise of sensitive data
2008035	4/14/2008	**Office of International Affairs**	To review expenditure trends, evaluate record retention policies, determine compliance with study abroad programs, and evaluate server configurations	International Affairs does not have a business continuity plan. International Affairs should develop and formally document a business continuity plan, including incident response and recovery procedures, to minimize the impact of a system compromise or failure.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of loss of data

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2008027	4/14/2008	**Physical Plant**	To evaluate conflict of interest disclosure procedures, to ensure HEAF funds are expended in accordance with state law, to verify institutional vouchers are accurately processed, and to prepare a cost benefit analysis for the central warehouse	Procedures do not exist to require Physical Plant employees to disclose existing or potential conflicts of interest with vendors. Management should require buyers and shop foremen to formally disclose conflicts with vendors. In addition, written policies should be developed to outline who will review and monitor conflict of interest disclosures and the manner in which employees will be removed from the procurement process should actual conflicts exist.	Fully Implemented		Reduce the risk of undisclosed conflicts of interest
2008035	4/14/2008	**Office of International Affairs**	To review expenditure trends, evaluate record retention policies, determine compliance with study abroad programs, and evaluate server configurations	Security standards and best practices have not been implemented to properly safeguard confidential electronic data. Applications have not been implemented with sufficient authentication controls and internal information technology support personnel provide minimal oversight. International Affairs should formally document security policies and procedures applicable to local applications. The policies should include standards for application passwords based on industry best practices.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of compromise of sensitive data
2008035	4/14/2008	**Office of International Affairs**	To review expenditure trends, evaluate record retention policies, determine compliance with study abroad programs, and evaluate server configurations	Departmental processes have not been implemented to monitor compliance with University Operating Policy 34.20, Study Abroad Programs. In addition, faculty members are not required to attend important safety and security orientation sessions. International Affairs should develop checklists to ensure that all policy provisions are followed. International Affairs management has indicated that they are revising the operating policy to require faculty who are traveling abroad to attend education and safety training on an annual basis. We encourage completion of this effort.	Incomplete/ Ongoing	Pending future implementation date	Reduce safety and security risks for study abroad travel

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2008056	4/17/2008	**TTU Exchange Services Review**	To evaluate the processes and controls surrounding the administrative access to the email system	Administrative access to the Exchange system is required in order to provide system administration. Although detailed logging of administrative activity is not performed, Information Technology at TTU has implemented other mitigating controls such as use of individual eRaider accounts to perform system maintenance, and dissemination of acceptable use policies. Additionally, Information Technology management has proposed monitoring of activity external to the Exchange system if abuse of administrative privileges is suspected. Lastly, in response to this audit, Information Technology management reduced the number of personnel with administrative access. We agree with the actions taken.	No recommendation to implement		Reduce the risk of inappropriate use of administrative privileges
2008068	4/23/2008	**Southwest Collection Follow-up**	To follow up on prior audit recommendations	This engagement was performed to follow up on recommendations made to the Southwest Collection in our July 31, 2006, audit report. The recommendations involved segregating the functions of ordering, receiving, and approving invoices for payment, as well as designating a central area to be responsible for receiving and tracking materials until they are accessioned. The recommendations had been implemented except that no logging or tracking was performed on materials purchased from one particular vendor. We recommended integration of purchases from this vendor into the normal processes used for purchases from other vendors, and management has indicated that implementation is complete.	Fully Implemented		Reduce the risk of fraud
2008063	4/28/2008	**Copy Tech Cash Controls**	To evaluate deposit procedures	Copy Tech deposits are not made within two business days as required by institutional policy. In addition, there is no documentation to support that account reconciliations have been performed. The Managing Director for University Printing Services should review monthly account reconciliations to monitor the timeliness of deposits and to ensure that reconciliations are performed each month.	Fully Implemented		Reduce the risk of loss or theft of assets

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2007064	5/22/2008	**Technology Workforce Development Grants**	To ensure that Texas Tech University complied with the grant conditions of the Technology Workforce Development Grants Program	We could not conclude on the audit objective related to budget revisions due to the lack of a clear audit trail and how the Texas Higher Education Coordinating Board interprets the grant condition. The Office of Research Services should establish a clearer audit trail in the budget revision process so that revisions can be more easily matched with approvals from the Coordinating Board. All budget changes should be reflected in TechFIM, and justification for all budget changes should be maintained in the grant files.	Incomplete/ Ongoing	Pending OAS verification	Reduce the risk of noncompliance with grant conditions
2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	Rawls College Financial Services tried to implement an account monitoring process as recommended in the prior audit. The process was unsuccessful due to staffing issues. With the upcoming implementation of the Banner financial system, we encourage Financial Services to continue working with the University's Administration and Finance Information Systems Management to determine the type of financial reports needed to implement a successful account monitoring process.	Incomplete/ Ongoing	Pending future implementation date	Reduce risks and increase the effectiveness of monitoring processes
2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	Rawls College Financial Services developed written policies and procedures as recommended in the prior audit, with the exception of a budget process policy. Rawls College Financial Services should document the budget process. In addition, Financial Services should revise their policies and procedures, as necessary, once the Banner financial system is implemented.	Incomplete/ Ongoing	Pending future implementation date	Promote continuity of operations

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2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	The risk assessment process was successful in assisting Rawls College management, program leaders, and area coordinators to identify risks in the college's academic operations. We encourage management to take the process a step further to determine controls already in place to mitigate significant risks and to identify additional controls that need to be implemented. We also encourage management to periodically reassess their risks as their environment, processes, and technologies change.	Incomplete/ Ongoing	Pending OAS verification	Improve the risk management process
2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	The Rawls College does not have a disaster recovery plan for its information technology resources. Management should develop and formally document a disaster recovery plan. Once the plan is developed, personnel should be trained on responding to system failures in accordance with the plan. The plan should be tested and reviewed annually, and a copy of the plan should be stored offsite.	Fully Implemented		Reduce the risks related to a disaster
2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	Business Administration Computing Services (BACS) has an informal patch management process for the servers located in the Rawls College server room. However, the BACS patch management process does not impact networked servers managed by faculty. The patch management process should be better defined and documented to delineate BACS' and faculty members' responsibilities for securing servers. The process should also require written justification or explanation for not applying security patches.	Fully Implemented		Reduce network security risks

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2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	Rawls College Financial Services scans and stores credit card information and other sensitive data in an unencrypted file or image in the Rawls College imaging system. To comply with the Payment Card Industry Data Security Standard, Financial Services should discontinue scanning full credit card numbers into an unencrypted file or image. Existing images with unprotected credit card numbers and other sensitive data must be appropriately destroyed or redacted.	Incomplete/ Ongoing	Pending OAS verification	Reduce the risk of noncompliance with PCI Data Security Standard and compromise of sensitive data
2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	The Career Management Center and Rawls College Financial Services maintain hard copies of credit card information in unsecured locations. Management should assess the business need for storing documents containing credit card information on a long-term basis. If management determines there is a business need for storing such documents, management should ensure the information is unreadable to comply with the Payment Card Industry Data Security Standard. In addition, credit card information should be stored in a secure location with limited access.	Incomplete/ Ongoing	Pending OAS verification	Reduce the risk of noncompliance with PCI Data Security Standard and compromise of sensitive data
2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	Rawls College is awarding scholarships and notifying students of awards earlier than in the past. However, the scholarships were not entered into the University's Scholarship Tracking System in a timely manner to ensure coordination with the students' financial aid packages. Scholarship award information should be entered into the University's Scholarship Tracking System in accordance with TTU Operating Policy 30.02, "Centralized Scholarship Office."	Incomplete/ Ongoing	Pending OAS verification	Reduce the risk of noncompliance with institutional policy and increase coordination with Student Financial Aid

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Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008036	6/10/2008	**Rawls College of Business**	To facilitate a formal risk assessment of the College's academic operations, perform an IT risk assessment, review the financial activity and internal policies of the Career Management Center, and follow up on previous audit recommendations	The academic areas have not formally documented their scholarship award process or the donor terms and conditions. Each area within Rawls College that awards scholarships should formally document their scholarship selection process and should maintain current documentation of donor terms and conditions for each scholarship. Additionally, we noted that scholarship award recipients' names and social security numbers are emailed within the college. Scholarship committees or other personnel should be instructed not to email recipients' names and social security numbers.	Incomplete/ Ongoing	Pending OAS verification	Promote continuity of operations and reduce the risk of noncompliance with donor terms and conditions
2008044	6/18/2008	**College of Engineering**	To determine whether the scholarship award processes are effective, determine whether employees follow travel guidelines; and determine whether departments have segregated duties for accounts	The majority of budgeted scholarship funding should be expended; however, only about 40% of the amounts budgeted in the scholarship application system were expended. The committees should understand that some students will not accept awards and over-award scholarships based on historical acceptance rates for the awards.	Incomplete/ Ongoing	The College has developed an internal operating policy which addresses the use of scholarship funding. OAS will perform additional follow-up work after the scholarship award process is complete in late Spring 2009.	Increase effectiveness of the scholarship process
2008044	6/18/2008	**College of Engineering**	To determine whether the scholarship award processes are effective, determine whether employees follow travel guidelines; and determine whether departments have segregated duties for accounts	Certain scholarships were awarded without committee selection and recipients did not compete against Texas residents, yet received out-of-state waivers. Texas statute indicates students are only eligible for waivers when the scholarship is awarded by a scholarship committee and when the recipient competes with other students, including Texas residents. Management should discontinue the waivers or include Texas residents in a competitive process for the awards.	Incomplete/ Ongoing	The College has developed an internal operating policy which addresses out-of-state waivers. OAS will perform additional follow-up work after the scholarship award process is complete in late Spring 2009.	Reduce the risk of noncompliance with State law

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2008044	6/18/2008	**College of Engineering**	To determine whether the scholarship award processes are effective, determine whether employees follow travel guidelines; and determine whether departments have segregated duties for accounts	Management should consider creating and documenting internal written policies and procedures relating to the scholarship award processes for all departments and the Dean's Office. Since the internal processes are not exactly the same among departments, a written policy would help ensure the process is effective in the event of staff turnover.	Fully Implemented		Increase effectiveness of the scholarship process
2008044	6/18/2008	**College of Engineering**	To determine whether the scholarship award processes are effective, determine whether employees follow travel guidelines; and determine whether departments have segregated duties for accounts	College departments should utilize the scholarship application system, which includes the University's scholarship application, when determining scholarship recipients and when determining whether students meet the financial need requirements for awards.	Incomplete/ Ongoing	The College has developed an internal operating policy which addresses use of the scholarship application system. OAS will perform additional follow-up work after the scholarship award process is complete in late Spring 2009.	Increase effectiveness and efficiency
2008044	6/18/2008	**College of Engineering**	To determine whether the scholarship award processes are effective, determine whether employees follow travel guidelines; and determine whether departments have segregated duties for accounts	Many of the College business managers and other staff serving in a similar functions are responsible for departmental or grant accounting functions including account reconciliations and preparation of purchase orders. Many of these business managers and staff members have signature authority for the accounts. Having responsibility for all of these functions creates a lack of segregation of duties. Management should review functions and either ensure adequate oversight is provided or discontinue allowing business managers to have signature authority.	Incomplete/ Ongoing	Segregation was discussed at a leadership meeting. Management plans to obtain letters from each area certifying actions have been taken to address risks.	Reduce the risk of fraud

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008044	6/18/2008	**College of Engineering**	To determine whether the scholarship award processes are effective, determine whether employees follow travel guidelines; and determine whether departments have segregated duties for accounts	The Dean's Office should establish a scholarship committee to conduct the scholarship award process. Also, the department scholarship committees and the Dean's Office scholarship committee should coordinate student awards to prevent the possibility of unintentional duplicate awards to students.	Incomplete/ Ongoing	The College has developed an internal operating policy which addresses scholarship committees. OAS will perform additional follow-up work after the scholarship award process is complete in late Spring 2009.	Increase effectiveness of the scholarship process
2008044	6/18/2008	**College of Engineering**	To determine whether the scholarship award processes are effective, determine whether employees follow travel guidelines; and determine whether departments have segregated duties for accounts	College employees are traveling without proper supervisory approval and without proper encumbrance of funds. Additionally, during compliance testing of travel reimbursements, a high number of corrections were made by Travel Services. The College should develop written policies requiring employees to submit travel applications to the departmental preparer and supervisor prior to travel. Additionally, management should require all departmental administrators to attend training and forums conducted by Travel Services.	Fully Implemented		Increase effectiveness and efficiency
2008016	7/9/2008	**NCAA Compliance Program**	To evaluate the NCAA rules compliance program	Policies, rules education, and monitoring procedures have not been implemented for athletic equipment and apparel. Procedures should be implemented to track the issuance and return of inventory, physical access should be further limited, and physical inventory counts should be conducted annually. These new procedures should be covered annually in the rules education program and compliance with the policies should be monitored.	Incomplete/ Ongoing	Pending future implementation date	Reduce noncompliance with NCAA bylaws
2008064	7/22/2008	**International Travel**	To evaluate international travel routing processes and the study abroad conflicts of interest and program negotiation process	University Operating Policy 79.05, International Travel, prohibits travel to destinations subject to a United States Department of State travel warning, consistent with previous state restrictions. However, these state restrictions no longer exist and procedures have not been implemented to enforce compliance. If management determines it is prudent to continue to monitor travel warnings, procedures should be established to ensure compliance with the institutional policy.	Incomplete/ Ongoing	Pending future implementation date	Reduce safety and security risks for study abroad travel

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Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008064	7/22/2008	**International Travel**	To evaluate international travel routing processes and the study abroad conflicts of interest and program negotiation process	General Counsel or Procurement Services does not review study abroad partner agreements, and the President is not always involved in the agreement execution as required. International Affairs should work with these offices to determine if a standard agreement would be beneficial, to determine the appropriate University official to execute the agreements, and to ensure the agreements comply with institutional policy. Policy should be revised if necessary and all future agreements executed accordingly.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of contractual liability
2008064	7/22/2008	**International Travel**	To evaluate international travel routing processes and the study abroad conflicts of interest and program negotiation process	The University receives enrollment incentives under some study abroad agreements. These incentives may create a situation where personnel lose objectivity when advising students on study abroad programs. There is no accountability for the benefits received by the University. The Provost should evaluate the incentives and determine if incentives will be accepted by the University in the future. If the acceptance of these incentives is permitted, a disclosure and monitoring process should be implemented to ensure transparency.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of undisclosed conflicts of interest
2008064	7/22/2008	**International Travel**	To evaluate international travel routing processes and the study abroad conflicts of interest and program negotiation process	Prior written approval is not obtained for international travel as required by State law and institutional policy. The University does not have a standard form to document the request and approval of international travel. The new travel system has the capability to remind travel applicants of the approval process and can direct them to the required forms. Travel Services should work with the travel system programmers to ensure this capability is implemented. A standard form should be developed for documenting international travel requests and approvals.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with State law
2008064	7/22/2008	**International Travel**	To evaluate international travel routing processes and the study abroad conflicts of interest and program negotiation process	The current travel application routing process for student group travel does not always include International Affairs. As a result, some faculty and staff do not receive important safety information. A new travel system under development has the capability to forward student group travel requests to International Affairs. Travel Services should work with the travel system programmers to ensure this added capability is implemented.	Incomplete/ Ongoing	Pending future implementation date	Reduce safety and security risks for study abroad travel

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008045	7/24/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether an effective monitoring process has been established	The personnel activity reporting process consists of a combination electronic and paper-based system which is not an efficient use of institutional resources. The Office of Financial Affairs in collaboration with Texas Tech University Health Sciences Center and Texas Tech University System offices has investigated software solutions to enhance efficiency of personnel activity reporting. The Office of Financial Affairs should continue its collaboration and develop a timeline for the implementation of a software solution for more efficient personnel activity reporting at Texas Tech University.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with federal regulations
2008045	7/24/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether an effective monitoring process has been established	Texas Tech University does not have procedures for the monitoring of personnel activity reporting compliance. A monitoring process should be established to help ensure personnel activity reports are accurate and in compliance with federal requirements. The Office of the Provost, Office of Research Services, and Office of Financial Affairs should collaborate to develop a monitoring process to help ensure personnel activity reports are accurate and in compliance with federal requirements.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with federal regulations
2008045	7/24/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether an effective monitoring process has been established	There is a lack of understanding among campus personnel of personnel activity reporting. Some deans, department chairpersons, principal investigators and other employees supported by grant funding or involved in the process of certification are unaware of personnel activity reports and the federal requirements relating to them. The Office of the Provost, Office of Research Services, and Office of Financial Affairs should collaborate to develop resources and training for all employees paid from sponsored programs or involved in the process of personnel activity report certification.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with federal regulations

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2008045	7/24/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether an effective monitoring process has been established	The internal procedures for the processing of personnel activity reports are incomplete and outdated. The Office of Financial Affairs should work with Sponsored Programs Accounting and Reporting to update and enhance the written policies and procedures to provide clear, concise, and well-documented guidance.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of noncompliance with federal regulations

Audits Completed

Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007037	8/31/2007	**HIPAA Security Compliance**	To evaluate internal policies and practices for compliance with HIPAA Security Rule requirements and analyze security management of key devices containing HIPAA data	Terminated users often have unnecessary access to EPHI for an extended period of time because the information system owners are not notified in a timely manner by the terminated users' supervisors. Notifications often occur weeks or even months after the termination event, if at all. Information system owners should conduct regular reviews of users to ensure terminated employees are removed from their systems and applications in a timely manner.	Incomplete/ Ongoing	The HIPAA Committee is working with Human Resources and Information Technology to automate notifications of terminations and transfers.	Reduce the risk of inappropriate access to electronic protected health information
2007037	8/31/2007	**HIPAA Security Compliance**	To evaluate internal policies and practices for compliance with HIPAA Security Rule requirements and analyze security management of key devices containing HIPAA data	A HIPAA Security Committee was created as a part of establishing initial HIPAA Security compliance. Currently, the committee does not meet on a regular basis and has minimal visibility with information system owners and users. Management should consider instituting regular HIPAA Security Committee meetings to provide appropriate risk management and oversight of the institution's HIPAA security risks. A well-functioning HIPAA Security Committee could help ensure TTUHSC's HIPAA Security policies are current and consistently enforced.	Fully Implemented		Improve the risk management and oversight of the institution's HIPAA security risks
2007037	8/31/2007	**HIPAA Security Compliance**	To evaluate internal policies and practices for compliance with HIPAA Security Rule requirements and analyze security management of key devices containing HIPAA data	Many HIPAA information system owners do not proactively monitor access to electronic patient health information (EPHI) within their systems and applications. They depend on TTUHSC IT personnel to detect security incidents for those systems and applications housed in the TTUHSC IT data center. Information system owners should review access to systems and applications containing HIPAA data on a regular basis. This practice will not only help detect security incidents, it will also act as a deterrent if users are aware access and activity is regularly monitored.	Incomplete/ Ongoing	Role-based training is being developed. Once training occurs, monitoring protocols can be established.	Reduce the risk of inappropriate access to electronic protected health information

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Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007037	8/31/2007	**HIPAA Security Compliance**	To evaluate internal policies and practices for compliance with HIPAA Security Rule requirements and analyze security management of key devices containing HIPAA data	The TTUHSC HIPAA Security Manual, including the listing of HIPAA systems, information owners, and administrators, has not been updated since its inception in 2005. Certain information system owners and IT administrators included in Appendix G, "Information Systems Owner Listing" are no longer employed at TTUHSC. Management should ensure the TTUHSC HIPAA Security Policy Manual is reviewed and updated annually, in accordance with the manual itself.	Incomplete/ Ongoing	The HIPAA Security Committee is planning to address this issue at a future meeting.	Reduce the risk of non-compliance with federal and state law as well as institutional practices
2007037	8/31/2007	**HIPAA Security Compliance**	To evaluate internal policies and practices for compliance with HIPAA Security Rule requirements and analyze security management of key devices containing HIPAA data	More than 1,000 TTUHSC employees have not completed IT Security Awareness Training. Executive management at TTUHSC should reinforce to all employees the importance of compliance with the HIPAA Security training requirements. Management should also consider requiring all employees to take the IT Security Awareness Training on an annual basis and revise the TTUHSC HIPAA Security Policy Manual accordingly. Finally, the Information Security Officer should consider offering more specific training to information system owners.	Incomplete/ Ongoing	Role-based training is being developed.	Reduce the risk of exposure of electronic protected health information
2008039	10/29/2007	**TTUHSC Contracting Process**	To determine the effectiveness of the contracting process at Texas Tech University Health Sciences Center	There is not a process for department contract managers (who negotiate and draft contracts) and department management (who approve contracts) to disclose existing or potential conflicts of interest with vendors. The contract routing sheet and electronic purchase order form should include questions that attempt to determine whether there are existing conflicts of interest between the contract managers, department management, and vendors. Contracts and purchase orders should not be processed if the conflict of interest questions are not completed.	Fully Implemented		Reduce the risk of undisclosed conflicts of interest

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2008039	10/29/2007	**TTUHSC Contracting Process**	To determine the effectiveness of the contracting process at Texas Tech University Health Sciences Center	There is not a process for TTUHSC Contracting Office personnel and Purchasing Department personnel to formally disclose existing or potential conflicts of interest with vendors. Management should implement a process that requires all Contracting Office employees and Purchasing Department employees to formally disclose existing or potential conflicts of interest with vendors on an annual basis and as necessary throughout the year. Management above the level of the discloser should review and direct how any disclosed conflicts of interest are to be managed.	Fully Implemented		Reduce the risk of undisclosed conflicts of interest
2008021	11/2/2007	**El Paso Family Practice Center**	To ensure compliance with the El Paso County Hospital District agreement	As noted in our prior audit, the original agreement between the El Paso Family Practice Center and the El Paso County Hospital District (Hospital) expired on August 31, 2003. The parties have still not properly exercised a four-year extension option, terminated the agreement, or executed a new agreement. It is our understanding that a lease agreement has recently been drafted and submitted to the Hospital for its legal review and approval. We recommend that El Paso Health Sciences Center administration continue to prioritize the execution of the new agreement.	Incomplete/ Ongoing	The contract is currently being negotiated.	Reduce the risk of contractual liabilities
2007046	11/29/2007	**El Paso Department of Internal Medicine**	To analyze financial trends, to evaluate oncology and cardiology contracts, and to review expenditure procedures for supplies, pharmaceuticals, and professional medical services	The head nurse for the Internal Medicine clinic is responsible for ordering medical supplies and medications, approving purchases for payment, conducting physical inventory counts, and reconciling the physical inventory to departmental records. Internal Medicine management should work with the clinic staff to properly segregate procurement and inventory functions.	Incomplete/ Ongoing	Pending OAS verification	Reduce the risk of misappropriation or loss of assets

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007046	11/29/2007	**El Paso Department of Internal Medicine**	To analyze financial trends, to evaluate oncology and cardiology contracts, and to review expenditure procedures for supplies, pharmaceuticals, and professional medical services	The Internal Medicine clinic is storing expensive medications in an unlocked refrigerator. Internal Medicine management should ensure that a lock is placed on the refrigerator and that access to the refrigerator is appropriately limited.	Incomplete/ Ongoing	Pending OAS verification	Reduce the risk of misappropriation or loss of assets
2008019	12/21/2007	**Texas Higher Education Coordinating Board Residency Grants**	To determine if TTUHSC is in compliance with Coordinating Board Guidelines and Uniform Grant Management Standards	A travel voucher on the Odessa Internal Medicine GME Support account was not submitted timely to the Texas Tech University Health Sciences Center Travel Office in accordance with institutional policy. The travel was an allowable expenditure under the Coordinating Board Guidelines; however, institutional policy of submitting the approved travel voucher to the Travel Office within 30 days after the last travel date was not followed.	No recommendation to implement		Reduce the risk of noncompliance with grant guidelines and institutional policies
2008019	12/21/2007	**Texas Higher Education Coordinating Board Residency Grants**	To determine if TTUHSC is in compliance with Coordinating Board Guidelines and Uniform Grant Management Standards	A procurement card purchase for lab coats in the amount of $2,100 was charged to the Lubbock Family Practice Residency account. While the expenditure is allowable per the Coordinating Board Guidelines, institutional policy was not followed in that the procurement card statement was not signed by an account manager (or the cardholder's supervisor in the case where the cardholder is an account manager). In addition, the cardholder's record keeping practices need improvement. Department management's review of the procurement card statements and supporting documentation is meant to ensure purchases are fully supported, are valid business expenses and the cost is reasonable.	No recommendation to implement		Reduce the risk of noncompliance with grant guidelines and institutional policies

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008019	12/21/2007	**Texas Higher Education Coordinating Board Residency Grants**	To determine if TTUHSC is in compliance with Coordinating Board Guidelines and Uniform Grant Management Standards	One of the five Rural Rotation Grant Request forms was not submitted to the Coordinating Board within one month following completion of the rotations in accordance with the Coordinating Board Guidelines. Three of the five travel vouchers were not submitted timely to the TTUHSC Travel Office in accordance with institutional policy. Additionally, four Rural Rotation Grant Request forms were submitted to the Coordinating Board prior to approval of the travel voucher by the TTUHSC Travel Office. This practice has resulted in overpayments to residents in the past. Review and approval of the travel vouchers by the Travel Office prior to the request for reimbursement from the Coordinating Board is a good internal control to ensure that overpayments do not occur.	No recommendation to implement		Reduce the risk of noncompliance with grant guidelines and institutional policies
2008019	12/21/2007	**Texas Higher Education Coordinating Board Residency Grants**	To determine if TTUHSC is in compliance with Coordinating Board Guidelines and Uniform Grant Management Standards	Registration for a Family Medicine Residency Fair in the amount of $225 was on the Lubbock Family Medicine GME Support account. The Coordinating Board Guidelines state residency recruitment expenses are unallowable for Coordinating Board funds.	No recommendation to implement		Reduce the risk of noncompliance with grant guidelines
2008029	1/30/2008	**Paul L. Foster School of Medicine Faculty Recruitment**	To evaluate the recruitment and hiring process for faculty of the Paul L. Foster School of Medicine	Knowledgeable parties were not always involved in appropriate processes, leading to a lack of knowledge and understanding of institutional policy and a lack of coordination and communication among personnel involved in the various recruiting and hiring processes. The Executive Recruitment Service should conduct future reviews of the recruiting and hiring process in six-month increments to continue to enhance the process.	Incomplete/ Ongoing	The Dean issued a memorandum committing to an annual process review. The development of the review is in progress.	Increase the effectiveness of the recruitment process

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Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008029	1/30/2008	**Paul L. Foster School of Medicine Faculty Recruitment**	To evaluate the recruitment and hiring process for faculty of the Paul L. Foster School of Medicine	Until recently, the overall environment at the School did not support compliance with Texas Tech University Health Sciences Center Operating Policies. Compliance should start at the top executive level and filter down through all levels of the organization. The recruitment and hiring team must be committed to compliance with all institutional policies. Faculty Services should continually monitor compliance for the executive level faculty positions and El Paso Human Resources should conduct compliance reviews on a periodic basis.	Incomplete/ Ongoing	The Dean has issued a memo expressing a commitment to compliance and assigning monitoring responsibilities.	Reduce the risk of noncompliance
2008029	1/30/2008	**Paul L. Foster School of Medicine Faculty Recruitment**	To evaluate the recruitment and hiring process for faculty of the Paul L. Foster School of Medicine	Personnel located in various offices throughout the campus are involved in the recruitment and hiring process. Previously, lines of communication among those involved in various aspects of faculty recruiting and hiring were not established. All parties involved in faculty recruiting and hiring must be committed to continual collaboration and communication. Weekly meetings should be conducted regarding the status of recruiting and hiring.	Fully Implemented		Increase the effectiveness of collaboration and communication
2008029	1/30/2008	**Paul L. Foster School of Medicine Faculty Recruitment**	To evaluate the recruitment and hiring process for faculty of the Paul L. Foster School of Medicine	One faculty member served as chair of almost all faculty search committees, and faculty search committee chairs and members were not aware of procedures outlined by policy. The opportunity to be a search committee chair should be allocated among administration and faculty members. The Associate Dean for Faculty Affairs should provide training to the chairperson of each search committee at the beginning of each faculty search.	Fully Implemented		Reduce the risk of noncompliance
2008029	1/30/2008	**Paul L. Foster School of Medicine Faculty Recruitment**	To evaluate the recruitment and hiring process for faculty of the Paul L. Foster School of Medicine	The search firm hired to assist in faculty recruitment did not follow institutional policy regarding the posting of positions on the TechJobs website and did not always provide candidates that met the minimum requirements for the position. The Founding Dean should, via written communication, reaffirm with the current search firm that compliance with institutional policies is mandatory.	Fully Implemented		Reduce the risk of noncompliance

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Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008029	1/30/2008	**Paul L. Foster School of Medicine Faculty Recruitment**	To evaluate the recruitment and hiring process for faculty of the Paul L. Foster School of Medicine	The previous Founding Dean did not establish and communicate the overall strategic direction and timelines for recruiting and hiring faculty. The Founding Dean should provide all parties involved in the recruiting and hiring process with a clear strategic direction. Each person's role, responsibilities, and reporting line should be clearly defined. An updated organization chart should be developed and disseminated to parties involved in the recruiting and hiring process.	Incomplete/ Ongoing	Management has drafted the strategic goals.	Increase the effectiveness of the recruitment process
2007056	2/6/2008	**Institute for Rural and Community Health**	To determine whether TTUHSC received goods and services from professional service firms hired by the Institute	The Institute's current management should strive to develop a control environment that encourages ethical conduct, compliance with institutional policy, and monitoring of activities and personnel. Management should also ensure that personnel are adequately trained and educated on institutional policy.	Incomplete/ Ongoing	The Health Sciences Center is performing a candidate search to fill the Vice President of Rural and Community Health position. Until this position is filled, we cannot evaluate the changes to the control environment.	Promotion of an ethical climate
2007056	2/6/2008	**Institute for Rural and Community Health**	To determine whether TTUHSC received goods and services from professional service firms hired by the Institute	Institutional policy has not always provided comprehensive coverage related to background checks and verification procedures. We encourage administration to prioritize the work related to updating the policies for Employment for Security-Sensitive Positions and Exclusion Lists Verification Procedures. These policies and procedures should be enhanced.	Fully Implemented		Reduce the risk of fraud and abuse and reduce the risk of noncompliance with federal regulations
2007056	2/6/2008	**Institute for Rural and Community Health**	To determine whether TTUHSC received goods and services from professional service firms hired by the Institute	The Director did not have an arms-length business relationship with three professional service firms that were routinely hired by the Institute. The Institute's management should develop procedures to ensure that appropriate professional service firms and vendors are selected.	Incomplete/ Ongoing	Procedural changes have been implemented, and written policies are being developed.	Reduce the risks related to conflicts of interest

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Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2007056	2/6/2008	**Institute for Rural and Community Health**	To determine whether TTUHSC received goods and services from professional service firms hired by the Institute	The Institute did not have processes in place to ensure equipment was delivered prior to payment, to inventory the equipment as shipments were received, or to track where the equipment was located once it left TTUHSC premises. The Institute's management should develop a process to ensure receipt of purchased equipment and maintain a listing of all equipment distributed to personnel.	Incomplete/ Ongoing	Procedural changes have been implemented, and written policies are being developed.	Reduce the risk of noncompliance with federal and state laws and institutional policies
2007056	2/6/2008	**Institute for Rural and Community Health**	To determine whether TTUHSC received goods and services from professional service firms hired by the Institute	The Director influenced the Institute to avoid or bypass purchasing policies. As the Institute transitions to new management, additional efforts should be made to educate personnel on institutional policies and encourage compliance. The Institute's management should also develop internal policies regarding procurement activities and responsibilities to provide guidance beyond the broad information included in TTUHSC institutional policies.	Incomplete/ Ongoing	Procedural changes have been implemented, and written policies are being developed.	Reduce the risk of noncompliance with institutional policies and reduce the risk of fraud and abuse
2007056	2/6/2008	**Institute for Rural and Community Health**	To determine whether TTUHSC received goods and services from professional service firms hired by the Institute	A complete review of the Director's travel reimbursements indicates that he manipulated or altered some travel receipts. In total, $13,737 of travel reimbursements is questionable and may not relate to official TTUHSC business. In addition, the travel expenses were excessive and not cost-effective. Evidence regarding the travel expenses has been turned over to the Texas State Auditor's Office for further investigation. The Institute's management should develop internal policies and procedures regarding business travel, detailing what is acceptable and encouraging cost-effective choices.	Incomplete/ Ongoing	Pending OAS verification	Reduce the risk of fraud and abuse
2007056	2/6/2008	**Institute for Rural and Community Health**	To determine whether TTUHSC received goods and services from professional service firms hired by the Institute	The Institute captured personal identifiers related to a research proposal which had been approved as an exempt proposal. It was exempt because the Institute indicated computer-generated identifiers would be used and personal identifiers would not be collected. The Institute's management should enhance monitoring procedures over research activities. The Principal Investigator of any research project should be knowledgeable of the ongoing activities, the data collected, the use of the funding, and the partnerships created.	Fully Implemented		Reduce the risk of noncompliance with federal regulations

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008060	2/20/2008	**Department of Orthopaedic Surgery and Rehabilitation Cash Controls**	To evaluate the cash controls in the Orthopaedic Surgery and Rehabilitation clinic	This review revealed opportunities to strengthen cash controls in the clinic. The clinic's cash and customer credit card information is not properly safeguarded from loss. Additionally, certain clinic procedures are not in compliance with TTUHSC operating policies and best practices on cash controls. Clinic management should strengthen cash controls to safeguard cash and customer information from loss and to comply with TTUHSC policies.	Fully Implemented		Reduce the risk of loss or theft of assets
2008030	2/21/2008	**Employee Relations Services Lubbock**	To evaluate the employee relations services provided for the Lubbock campus	There is confusion among institutional supervisors and employees regarding administration of the Family and Medical Leave Act (FMLA). Departmental directors and administrators have received conflicting information from various Human Resources personnel. The Assistant Vice President of Human Resources should review and revise the institutional policy for FLMA administration as appropriate, train personnel within Human Resources regarding the revised policy, and provide information to institutional supervisors and employees.	Fully Implemented		Reduce the risk of noncompliance with federal laws
2008030	2/21/2008	**Employee Relations Services Lubbock**	To evaluate the employee relations services provided for the Lubbock campus	The employee relations representative's job responsibilities have evolved from the original position responsibilities and now include a significant number of administrative responsibilities. Human Resources is evaluating the roles and responsibilities of all positions in preparation for transition to the Banner Human Resources application. During this transition, management should continue to evaluate the purpose and function of the employee relations representative and determine the need for and/or appropriate functions of the position.	Incomplete/ Ongoing	The new Assistant Vice President of Human Resources is preparing a survey to assist in the evaluation of this role.	Increase the effectiveness of the services
2008030	2/21/2008	**Employee Relations Services Lubbock**	To evaluate the employee relations services provided for the Lubbock campus	Many employees at the Health Sciences Center are not aware of the services provided by employee relations services. If management determines the need for an employee relations representative, Human Resources should increase the visibility of employee relations services.	Incomplete/ Ongoing	Management is performing a survey to determine the need for the position.	Increase the effectiveness of the services

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008067	4/16/2008	**TTUHSC Exchange Services Review**	To evaluate the processes and controls surrounding the administrative access to the email system	Administrative access to the Exchange system is required in order to provide system administration. Information Technology at TTUHSC has enabled minimal logging of logins at the individual mailbox level. In addition, Exchange event logs are copied to a separate logging server that could be reviewed if abuse of administrative privileges is suspected. Furthermore, Information Technology has implemented other mitigating controls such as use of individual administrative accounts to perform system maintenance and dissemination of acceptable use policies. Lastly, a new email encryption service has been implemented to provide additional security for emails sent outside of the HSC domain. We agree with the actions taken.	No recommendation to implement		Reduce the risk of inappropriate use of administrative privileges
2008046	4/21/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether monitoring ensures the process is functioning as intended	The Research Integrity Office performs routine reviews of grant revenues and expenditures. Recently, personnel activity reporting has been added to their review. However, the office has not been empowered to perform a thorough review and no provisions are made for the office to follow up on whether non-compliant practices have been corrected. The Research Integrity Office should be empowered by the Executive Vice President of Research to monitor the reporting system and compliance with regulations.	Incomplete/ Ongoing	The Research Integrity Office is performing this work. A new operating policy addressing the Office's authority to review personnel activity reporting has been drafted and is awaiting approval.	Reduce the risk of noncompliance with federal regulations
2008046	4/21/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether monitoring ensures the process is functioning as intended	Some principal investigators and employees supported by grant funding lack an understanding of the personnel activity reporting regulations and the importance of personnel activity reporting compliance. Management should establish a method for principal investigators to receive information on their personnel activity reporting responsibilities.	Incomplete/ Ongoing	Information is being added to the Sponsored Programs website.	Reduce the risk of noncompliance with federal regulations

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008046	4/21/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether monitoring ensures the process is functioning as intended	With the recent restructuring of institutional research administration, there is some confusion regarding the governance structure for addressing non-compliance with personnel activity reporting requirements. The Executive Vice President of Research should clarify the governance structure for addressing non-compliance with personnel activity reporting requirements.	Incomplete/ Ongoing	A policy addressing grant compliance has been drafted and is awaiting approval.	Reduce the risk of noncompliance with federal regulations
2008046	4/21/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether monitoring ensures the process is functioning as intended	Business Affairs, Sponsored Programs, and the Research Integrity Office collaborate on various issues regarding personnel activity reporting. We encourage this collaboration to include the Office of the Executive Vice President for Research and any other areas having personnel activity reporting responsibilities.	Incomplete/ Ongoing	These offices continue to collaborate and work toward a more efficient process.	Reduce the risk of noncompliance with federal regulations
2008046	4/21/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether monitoring ensures the process is functioning as intended	Business Affairs and Sponsored Programs in collaboration with Texas Tech University offices have investigated web-based software for the processing of personnel activity reports. A web-based system for personnel activity reporting should become a priority after the Banner application systems are implemented. Business Affairs and Sponsored Programs should continue their collaboration and develop a timeline for web-based personnel activity reporting.	Incomplete/ Ongoing	These offices continue to collaborate and work toward a more efficient process.	Increase effectiveness and efficiency of the process
2008046	4/21/2008	**Personnel Activity Reporting**	To determine whether the personnel activity reporting process ensures compliance with federal requirements and to determine whether monitoring ensures the process is functioning as intended	Federal regulations require the reporting of cost-sharing. No cost-sharing was being captured or reported in the current system. During the course of the audit, appropriate personnel from Business Affairs, Information Systems, and Sponsored Programs proactively worked together to revise the system so cost-sharing is appropriately and accurately incorporated into personnel activity reporting. The implementation should be complete by April 30, 2008. We concur with this action.	Fully Implemented		Reduce the risk of noncompliance with federal regulations

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008047	7/23/2008	**Paul L. Foster School of Medicine State Appropriations**	To review the processes in place to monitor the use of state funds and to review expenditures to ensure they were made in accordance with the intended use of the funds	We concluded that there are adequate processes in place to monitor the use of the state funds. We also concluded that the expenditures tested were expended as intended, approved by appropriate account managers, and complied with TTUHSC policies.	No recommendation to implement		Reduce the risk of inappropriate use of state funds
2008020	7/24/2008	**Correctional Managed Health Care**	To evaluate the pharmaceutical pilot study at the Allred Unit to determine the effectiveness of the drug receipt, reclamation credit, and payment processes	The information captured for the formulary and non-formulary pharmaceuticals is sufficient to provide reasonable assurance to management that the monthly invoice from UTMB is materially accurate. We encourage management to continue fine-tuning the pilot study at the Allred Unit to determine its benefits and feasibility to the other units served by TTUHSC. Management should also determine the communication or documentation that needs to occur between the units and the Director of Finance prior to the payment of the monthly invoice.	Incomplete/ Ongoing	Pending OAS verification of implementation.	Reduce the risk of overpayment for pharmaceuticals

Audits Completed

Angelo State University

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008040	12/4/2007	**ASU Student Safety**	To evaluate concerns related to the safety of students at Angelo State University	Management should pursue options to reduce the traffic flow through the center of campus and reduce crosswalk hazards. Recommendations for street improvements should be sought by engineers and followed through jointly by the University working with City government.	Fully Implemented		Improve student safety on campus
2008040	12/4/2007	**ASU Student Safety**	To evaluate concerns related to the safety of students at Angelo State University	Management should develop a comprehensive emergency response plan. The plan should encompass a wide range of emergency situations and delineate a clear chain of command and a clear line of succession. The plan should be revised, approved, and disseminated in a timely manner, at least annually.	Incomplete/ Ongoing	The emergency response plan has been developed and is currently going through the approval process.	Increase the effectiveness and communication of emergency planning efforts
2008040	12/4/2007	**ASU Student Safety**	To evaluate concerns related to the safety of students at Angelo State University	Angelo State University should upgrade the emergency notification system. The system should be able to notify the campus community in a timely manner when an emergency situation occurs. The new system also needs to be effectively marketed so that students are aware of it and are willing to participate in the program by providing the University with accurate contact information.	Fully Implemented		Increase the effectiveness and communication of emergency planning efforts
2008022	12/7/2007	**Investments**	To determine whether Angelo State University is in compliance with the Public Funds Investment Act	We conducted this audit in accordance with the Public Funds Investment Act. There were no recommendations from this audit.	No recommendation to implement		Reduce the risk of noncompliance with the Public Funds Investment Act
2008086	1/17/2008	**ASU Carr Foundation External Audit**	To conduct an annual financial audit (conducted entirely by external auditors)	The accounting firm of Oliver, Rainey & Wotjek, LLP recommends that the ASU accounting department provide the Carr Foundation with the ledgers required for their office to prepare a trial balance on a quarterly basis in order to provide for a set of regular financial statements for the Foundation.	Incomplete/ Ongoing	The ASU Controller is working to implement this recommendation.	Reduce the risk of material misstatement

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008041	2/25/2008	**Robert G. and Nona K. Carr Foundation**	To evaluate Carr Foundation operations, including the royalty income controls, operating expenditures, and conflicts of interest disclosures, and to evaluate Texas Tech System's role in Carr Foundation investments	There are opportunities to enhance cash controls and streamline the royalty income process. Management should develop written policies for the receipt and deposit of royalty income checks.	Fully Implemented		Reduce the risk of loss or theft of assets
2008041	2/25/2008	**Robert G. and Nona K. Carr Foundation**	To evaluate Carr Foundation operations, including the royalty income controls, operating expenditures, and conflicts of interest disclosures, and to evaluate Texas Tech System's role in Carr Foundation investments	Although Alpha 4 may be meeting the Carr Foundation's needs, the application may not be supported in the Vista environment. Management should consider a new database application prior to transitioning the Carr Foundation to Vista.	Fully Implemented		Increase effectiveness and ensure business continuity
2008041	2/25/2008	**Robert G. and Nona K. Carr Foundation**	To evaluate Carr Foundation operations, including the royalty income controls, operating expenditures, and conflicts of interest disclosures, and to evaluate Texas Tech System's role in Carr Foundation investments	To help ensure the successful continued operations of the Carr Foundation, the Carr Foundation Director should continue her efforts to ensure knowledge transfer to other Carr Foundation or Angelo State University employees.	Incomplete/ Ongoing	Pending future implementation date	Increase effectiveness and efficiency and business continuity

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008041	2/25/2008	**Robert G. and Nona K. Carr Foundation**	To evaluate Carr Foundation operations, including the royalty income controls, operating expenditures, and conflicts of interest disclosures, and to evaluate Texas Tech System's role in Carr Foundation investments	There is not a process in place to disclose and monitor Carr Foundation employees' potential conflicts of interest. Management should establish a disclosure process to help ensure potential conflicts are fully disclosed by employees and monitored by the President.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of undisclosed conflicts of interest
2008041	2/25/2008	**Robert G. and Nona K. Carr Foundation**	To evaluate Carr Foundation operations, including the royalty income controls, operating expenditures, and conflicts of interest disclosures, and to evaluate Texas Tech System's role in Carr Foundation investments	Angelo State University should reconsider the salary expense allocation for the Manager of Scholarship Programs. Angelo State University should determine if there is a need to continue the salary expense arrangement at the current level.	Fully Implemented		Reduce the risk of noncompliance with the spirit of the Will establishing the Foundation
2008065	4/23/2008	**Ram Band Cash Controls**	To review cash controls	We recommended that the Director of Bands reimburse the Ram Band account for expenditures.	Fully Implemented	The Director of Bands provided receipts for the expenditures in question. He was later dismissed for related policy violations.	Reduce the risk of theft or loss of assets
2008050	6/24/2008	**Restricted Contributions**	To verify compliance with donor restrictions for grant and gift funds in restricted operating accounts and to evaluate the processes and controls related to expenditures from the accounts	We recommend that management develop and communicate a policy defining appropriate expenditures from the restricted special contributions accounts.	Incomplete/ Ongoing	The draft policy has been written and modifications to the policy are currently being made by management.	Reduce the risk of inappropriate use of restricted funds

Audits Completed

Audit Number	Report Date	Report Title	High-Level Audit Objectives	Recommendations	Status	Status Comments	Fiscal Impact/ Other Impact
2008051	7/21/2008	**Student Accounts Receivable**	To evaluate the process for recording and reporting student accounts receivable	Management should create a report in Banner that lists credits other than payments to student accounts and have someone independent from the Bursar's Office review the report. Also, two signatures should be required on all change documentation maintained by the Bursar's Office.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of fraud
2008051	7/21/2008	**Student Accounts Receivable**	To evaluate the process for recording and reporting student accounts receivable	We recommend management convert the student accounts receivable records from an Excel spreadsheet to a database.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of loss of data
2008051	7/21/2008	**Student Accounts Receivable**	To evaluate the process for recording and reporting student accounts receivable	Management should develop written policies for writing off uncollectible accounts. These policies should include year-end write off of inactive accounts older than two years. The policies should also include the process for determining a year-end estimate of the allowance for doubtful accounts and ensure changes to the allowance are charged to bad debt rather than prior year fund balance. Additionally, processes should be developed for the maintenance of records and reconciliation of balances.	Incomplete/ Ongoing	Pending future implementation date	Reduce the risk of misstated financial statements
2008051	7/21/2008	**Student Accounts Receivable**	To evaluate the process for recording and reporting student accounts receivable	In order to strengthen controls over the collection of housing application payments, management should implement the system functionality that will allow online housing application payments. The Office of Residential Programs should work with Information Technology and the Controller's Office to implement this component. Additionally, the Office of Residential Programs should work with the Controller's Office to include dorm damage fees on student bills.	Incomplete/ Ongoing	The Office of Residential Programs has met with Information Technology to discuss the process for collecting fees and deposits online; however, no further action has been taken at this time.	Reduce the risk of theft

Consulting Engagements Completed

<u>Texas Tech University System and Components</u>

No consulting engagements were completed in fiscal year 2008.

Organizational Chart

Texas Tech University System
(as of: 8-1-2008)

BOARD OF REGENTS
F. Scott Dueser, Chairman
Larry K. Anders, Vice Chairman
L. Frederick Francis
Mark Griffin
John Field Scovell
Daniel T. Serna
Windy Sitton
Bob L. Stafford, M.D.
Jerry E. Turner
Kelli Stumbo

TEXAS TECH UNIVERSITY
Guy Bailey, Ph.D.
President

TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER
John C. Baldwin, M.D.
President

ANGELO STATE UNIVERSITY
Joseph C. Rallo, Ph.D.
President

Chief Audit Executive,
Audit Services
Kim Turner

Chancellor
Kent Hance

Vice Chancellor & CFO
Jim Brunjes

Vice Chancellor,
Governmental Relations
Mike Sanders

Vice Chancellor,
Institutional Advancement
Dr. Kelly Overley

Vice Chancellor,
Facilities Planning
and Construction
Michael Ellicott, P.E.

Vice Chancellor,
Policy & Planning
John Opperman

Vice Chancellor &
General Counsel
Pat Campbell

Executive Assistant
to the Chancellor
Ben Lock

Organizational Chart

Texas Tech University System
Office of Audit Services

Texas Tech Board of Regents
Audit Committee

Chancellor
Texas Tech University System

Kim Turner, CPA
Chief Audit Executive

Elaine King
Executive Administrative Associate

Sandy Jansen, CIA, CCSA
Associate Audit Director

Simone Barnhill, CPA
Assistant Audit Director
Texas Tech University

Teresa Jack, CPA
Assistant Audit Director
Health Sciences Center

Maggie Pepper, CPA
Director
Angelo State University

Vacant
Audit Manager

Emily Knopp, CPA, CISA
Audit Manager

Sam Gentry
Assistant Internal Auditor

Darren Smith
Senior Auditor

Exa Goode, CPA
Audit Manager

Audit Pool:
Auditors may work on audits on all campuses throughout the Texas Tech System

Christy Gilman, CISA, CISSP, CIA
Senior Auditor

Amanda Clark, CIA
Staff Auditor

Elizabeth Stuart
Staff Auditor

Brian Uline
Staff Auditor

Patrick McKinney
Staff Auditor

Updated: September 9, 2008

Other Audit Activities

Activity	Impact
Served as a member of the TTU Quality Enhancement Plan Steering Committee	Contributed to TTU's efforts to integrate knowledge about ethics into all aspects of university life
Co-chaired the TTU Ethical Institution Task Force	Received Board of Regents' approval for the Statement of Ethical Principles and worked toward identifying opportunities for training, communication, and reinforcement of ethics programs
Served on the TTUHSC Institutional Compliance Ad Hoc Committee	Contributed to the development of the TTUHSC Institutional Compliance Plan
Served on the TTUHSC Institutional Compliance Working Committee	Contributed to the oversight of the TTUHSC Institutional Compliance Program and provided guidance to the Institutional Compliance Officer
Served as a member of the TTU System-wide Compliance Hotline Marketing Task Force	Increased awareness of the Compliance Hotline by facilitating more visible placement of the Compliance Hotline links on main menus of institutional websites
Served on the Banner Project Steering Committee, Security Committee, and Reporting Strategies Committee; participated with Business Process Analyses; and observed system transition testing	Contributed to Texas Tech University System's efforts to enhance services to students, faculty, and staff
Served on the business impact analysis and security risk assessment evaluation committee for the Texas Tech System	Contributed to Texas Tech System's IT risk management and security initiatives
Developed a Fraud Awareness class for all levels of employees on all campuses	Will heighten the awareness of fraud indicators and present fraud prevention and detection techniques
Presented classes related to control environment and cash controls for all levels of employees on all campuses	Heightened the awareness of the need for a strong control environment and presented specific best practices related to cash controls
Introduced and promoted the Compliance Hotline to new directors and managers at TTUHSC	Increased management's awareness of the Compliance Hotline
Made ethics presentations at new employee orientation events	Increased new employees' understanding of the ethics policy at Texas Tech University and Office of Audit Services' role at Texas Tech
Facilitated quality service training	Contributed to the quality service initiative at Texas Tech University System
Assisted administration with the annual risk assessment	Contributed to Texas Tech's risk assessment and risk management efforts
Advised management on Payment Card Industry (PCI) compliance for the Texas Tech's new imaging system	Contributed to compliance with PCI data security standards.
Served on the City of Lubbock Audit Committee	Reinforced community relationships and strengthened professional commitments and knowledge base

Other Audit Activities

Activity	Impact
Chaired the Texas Tech Federal Credit Union Supervisory Committee	Reinforced community relationships and strengthened professional commitments and knowledge base
Served as Immediate Past President, board member, and task force chairperson for Association of College & University Auditors (ACUA)	Strengthened professional commitments and knowledge base
Served as board member and secretary for Texas Association of College & University Auditors (TACUA)	Strengthened professional commitments and knowledge base
Co-chaired the San Angelo Chapter of the Texas Society of CPAs Annual 24-Game Competition for elementary students	Reinforced community relationships and strengthened professional commitments
Selected for participation in the American Institute of CPAs Ambassador Program	Strengthened professional commitments through a selective program intended to enhance the public's view of the CPA profession
Participated in The Institute of Internal Auditors (IIA) volunteer seminar instructor program	Strengthened professional commitments and knowledge base
Contributed to the development of the IIA's Certification in Control Self-Assessment course	Strengthened professional commitments and knowledge base
Made presentations at ACUA, the Society of Corporate Compliance and Ethics, and the American Society for Training and Development	Strengthened professional commitments and knowledge base
Served as a member of the Quality Assurance Review team for The University of Texas System Audit Office	Strengthened professional commitments and knowledge base
Served on the Texas Higher Education Coordinating Board (THECB) facilities audit work group	Contributed to development of a statewide audit protocol for facilities information reported to THECB

Annual Plan for Fiscal Year 2009

Office of Audit Services

Annual Audit Plan
For the Year Ending August 31, 2009

Kimberly F. Turner, CPA
Chief Audit Executive

August 7, 2008

Annual Plan for Fiscal Year 2009

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Transmittal Letter

August 7, 2008

Mr. Daniel T. Serna, CPA

Audit Committee Chair, Texas Tech Board of Regents

We are pleased to submit the annual plan of the Office of Audit Services of Texas Tech University System for the year ending August 31, 2009. The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled approximately thirty percent of our time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work.

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

Sincerely,

Kimberly F. Turner, CPA   Approved by:_____ August 7, 2008
Chief Audit Executive   Mr. Daniel T. Serna, CPA

Annual Plan for Fiscal Year 2009

Mission Statement

The staff members of the Office of Audit Services agreed that we should have a mission statement that reflects Texas Tech's commitment to educational excellence, 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 our staff for the benefit of the Board of Regents and management throughout the Texas Tech University System.

> **Mission Statement**
>
> The mission of the Office of Audit Services is to assist the Board of Regents and other units of the Texas Tech University System in identifying, avoiding, and mitigating risks.

Annual Plan for Fiscal Year 2009

Quality Assurance

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

- completing a self-assessment questionnaire at the end of each engagement;

- measuring our performance against predetermined benchmarks that we believe will encourage excellence;

- surveying our clients regarding their level of satisfaction with the services we have provided;

- completing a periodic self-evaluation of our office's operations to gauge compliance with internal auditing standards; and

- submitting to periodic assessment by peer review teams comprised of experienced higher education audit professionals.

Annual Plan for Fiscal Year 2009

Performance Measures

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

- Ensure the annual risk assessment process identifies significant risks and our audit work helps mitigate those risks.

- Complete engagements outlined in the annual audit plan to cover risks identified in the risk assessment.

- Achieve superior client satisfaction.

- Achieve internally and externally imposed engagement deadlines.

- Achieve internally imposed engagement time budgets.

- Effectively utilize resources.

- Effectively and timely complete the audit process.

Annual Plan for Fiscal Year 2009

Risk Assessment Process

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

The risk assessment process undertaken to prepare this annual plan was multi-layered. First, management of Texas Tech University System (TTUS), Texas Tech University (TTU), and Texas Tech University Health Sciences Center (TTUHSC), respectively, assessed risk at the institutional level. Each risk assessment began with identification of the major processes significant to the fulfillment of institutional missions. The processes were then analyzed to determine risks related to the achievement of entity objectives, and these risks were classified as to likely impact and probability of occurrence.

Our office also gave input into the risk process for the components of Texas Tech, including Angelo State University, based on input from senior level officials, institutional knowledge, information from past audit and management advisory engagements, and knowledge of nationwide trends and occurrences in higher education and academic healthcare. The risk assessment for Angelo State University (ASU) was based primarily on institutional knowledge and senior level management input. In 2009, a more formal risk assessment will be conducted for ASU and the results considered in the 2010 annual audit planning process.

The result of these assessments was the identification of strategic, financial, operational, compliance, reputational, and environmental risks facing each institution. Any of the defined processes whose related risks were determined to present a high impact and at least a medium probability of occurrence were considered for inclusion in this annual plan.

Annual Plan for Fiscal Year 2009

Allocation of Time

Our staff consists of 15 audit professionals. After consideration of estimated time for staff meetings, continuing professional education, holidays, and annual leave, we determined our allocable chargeable time to be approximately 18,000 hours.

Of this 18,000 hours, we estimate 2,800 hours are needed to perform required audits, assist external auditors, and complete other mandatory projects. Additionally, 1,400 audit hours are needed to complete engagements from the fiscal year 2008 annual audit plan that are in progress at year-end. We have set aside approximately 30 percent of total chargeable time (5,350 hours) for unscheduled projects and other value-added work, including board and management requests, investigations, committee service, and special projects. The remaining 8,450 audit hours have been allocated to the projects listed on pages 9-12 determined through the risk assessment process.

Annual Plan for Fiscal Year 2009

Planned Engagements

Texas Tech University System and Components

Technology Transfer/Commercialization	Follow-Up/Compliance
Texas Tech University Foundation, Inc.	Financial
Regents, Chancellor, and Presidents Travel and Credit Cards	Compliance
Office of Audit Services Annual Report	Compliance
Office of Audit Services Annual Plan	Compliance
Office of Audit Services Self-Assessment	Compliance
Office of Audit Services Peer Review	Compliance
State Auditor's Office Miscellaneous Projects	Miscellaneous
Audit Report Follow-Up Procedures and Reporting	Follow-Up

Annual Plan for Fiscal Year 2009

Planned Engagements (cont.)

Texas Tech University

Intra-Institutional Voucher Process	Controls/Operational
Banner Student/Finance System Feeds	IT/Financial
eProcurement Processes	Controls
Sponsored Programs Accounting & Reporting	Operational
College of Mass Communications	Financial
College of Outreach & Distance Education	Financial/Operational
NCAA Compliance Risk Assessment	Risk Assessment
Student Affairs Risk Assessment	Risk Assessment
Enrollment Growth Efficiencies	Management Advisory
Texas Higher Education Coordinating Board ARP/ATP Grants	Compliance
NCAA Compliance	Compliance
Athletics Financial Review	Financial
Joint Admissions Medical Program Grants	Compliance
KOHM-FM	Financial
Football Attendance Certification	Compliance

Annual Plan for Fiscal Year 2009

Planned Engagements (cont.)

Texas Tech University Health Sciences Center

HealthNet	IT/Operational
eProcurement Processes	Controls
El Paso Fixed Assets	Controls
El Paso IT General Controls Review	IT/Controls
Electronic Medical Record Implementation	IT/Operational
El Paso Pediatrics Billing Processes	Operational/Controls
School of Pharmacy Research Funding	Financial/Compliance
SACS Financial Review	Financial
State Comptroller's Office Post-Payment Audit	Compliance
Texas Higher Education Coordinating Board ARP/ATP Grants	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance
Correctional Managed Health Care Committee Contract	Compliance
Joint Admissions Medical Program Grants	Compliance

Annual Plan for Fiscal Year 2009

Planned Engagements (cont.)

Angelo State University

Financial Aid Office	Operational/Compliance
IT General Controls Review	IT/Controls
One Card Office	Financial/Controls
Study Abroad Program	Operational/Compliance
Division of Continuing Studies	Operational/Controls
Joint Admissions Medical Program Grants	Compliance
Athletics Financial Review	Financial

Annual Plan for Fiscal Year 2009

Nature of Work

The Office of Audit Services evaluates and contributes to the improvement of risk management, control, and governance processes. The nature of the activities is determined by a risk assessment process undertaken annually with the input of senior management and the Board of Regents. Additionally, management advisory engagements may be planned to improve the management of risks, to add value, and to improve Texas Tech's operations.

The Office of Audit Services' assessments and recommendations for improving Texas Tech's risk management, control, and governance processes are for the purpose of accomplishing the following objectives:

- promoting appropriate ethics and values within Texas Tech and its components
- ensuring effective organizational performance management and accountability
- effectively communicating risk and control information to appropriate areas
- effectively coordinating the activities of and communicating information among our office, the Board of Regents, external auditors, and management

Annual Plan for Fiscal Year 2009

Nature of Work

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- effectively communicating risk and control information to appropriate areas
- effectively coordinating the activities of and communicating information among our office, the Board of Regents, external auditors, and management

Annual Plan for Fiscal Year 2009

Nature of Work (cont.)

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

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations, and contracts.

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

The Institute of Internal Auditors, The Professional Practices Framework. (Altamonte Springs: The Institute of Internal Auditors, 2004).pp 14-17

Annual Plan for Fiscal Year 2009

Audit Process

Audits are performed in three general 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. The illustration on the following page documents the procedures normally employed in the performance of an audit.

Annual Plan for Fiscal Year 2009

Audit Process (cont.)

Planning

Select engagement team

Perform preliminary risk assessment with input from the client, management, and audit team members

Develop audit scope and objectives

Document anticipated deliverables

Prepare audit program

Hold entrance conference

Fieldwork

Develop and perform detailed testing

Document and evaluate processes and controls

Interview client staff members

Perform other audit procedures to meet audit objectives

Communicate with client on an ongoing basis

Reporting

Document strengths and opportunities for improvement

Communicate with client management regarding audit results

Develop recommendations

Prepare draft report

Hold exit conference

Obtain management response

Prepare final report

Evaluate audit performance

Follow up on significant findings

Annual Plan for Fiscal Year 2009

External Audit Services

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Institution	Service	Firm
Texas Tech University System and Components	Credit Card and Travel Expenses of Board of Regents, Chancellor, and Presidents Agreed-Upon Procedures	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System	Texas Tech Foundation, Inc. Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	KOHM-FM Financial Statement Audit	Davis, Kinard & Co., P.C.
Texas Tech University	KTXT-TV Financial Statement Audit	Davis, Kinard & Co., P.C.
Texas Tech University	Intercollegiate Athletics Program Agreed-Upon Procedures	Bolinger, Segars, Gilbert & Moss, LLP
Angelo State University	Robert G. Carr and Nona K. Carr Scholarship Foundation Financial Statement Audit	Oliver, Rainey & Wojtek, LLP