



TEXAS TECH UNIVERSITY SYSTEM™



# Office of Audit Services

Annual Audit Report

For the Year Ended August 31, 2022

Kimberly F. Turner, CPA

*Chief Audit Executive*

*October 31, 2022*

# Transmittal Letter

October 31, 2022

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

Dear Mr. Steinmetz:

We are pleased to submit the annual report of the Office of Audit Services of Texas Tech University System for the year ended August 31, 2022. This report fulfills the requirements set out in the Texas Internal Auditing Act (V.T.C.A., Government Code § 2102.009, Annual Report). It provides information related to our audit plan, a list of completed engagements, a copy of our most recent peer review, a list of external audit services procured, and a list of our other activities. This year's report also incorporates the work our office performed at Midwestern State University as it became the fifth component institution of the Texas Tech University System on September 1, 2021.

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, 2022, we issued 66 reports related to various engagements, and the results of our work have been communicated to the Board of Regents through the Audit Committee and to the administration.

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

Sincerely,



Kimberly F. Turner, CPA  
Chief Audit Executive

Copies: Texas Tech Board of Regents Audit Committee  
Chancellor Tedd Mitchell  
Legislative Budget Board  
Office of the Governor  
State Auditor's Office

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# Compliance with Texas Government Code, Section 2102.015

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

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

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

# Annual Plan for Fiscal Year 2022

The annual audit plan for Texas Tech University System for the year ended August 31, 2022, which is included in this report, was approved by the Audit Committee of the Board of Regents on August 5, 2021. There were 56 planned engagements included in the annual plan, and 5 engagements were added during the year.

Of the planned engagements, 41 were completed, 11 were in progress at year-end, 5 were carried forward to fiscal year 2023, and 4 were cancelled. The audits carried forward to the fiscal year 2023 annual plan were MSU Financial Statement Review for SACSCOC Reaffirmation, MSU Federal Stimulus Funding, TTUHSC El Paso Institutional Reporting Processes, TTUHSC El Paso Dental Oral Health Clinic Financial Processes, and TTUHSC Permian Basin Campus Departments. The cancelled projects were TTUS JP Morgan Chase Financial Process Implementation, MSU Payroll Processes and Controls, MSU Admissions, and MSU Electronic Communications Acceptable Use.

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

## **Texas Tech University System**

Underutilized Endowments – Complete

## **Texas Tech University**

Blackboard Application Security and Controls Review – Complete

Intercollegiate Athletics – Complete

School of Veterinary Medicine Business Processes – Review

Davis College of Agricultural Sciences & Natural Resources Business Processes – Draft Reports Issued

Federal Stimulus Funding – Fieldwork

## **Texas Tech University Health Sciences Center**

School of Health Professions Business Processes – Fieldwork

## **Angelo State University**

Research Safety – Draft Reports Issued

Federal Stimulus Funding – Complete

## **Midwestern State University**

President's Office Processes and Controls – Complete

Wichita Falls Museum of Art at MSU – Draft Report Issued

# Annual Plan for Fiscal Year 2022

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

In addition to the planned engagements and other risk-based engagements included above, 13 planned projects in progress at September 1, 2021, were completed during the year. Our office began 3 special projects or investigations during the year because of changing risks and priorities, reports to the Texas Tech Fraud and Misconduct Hotline or directly to our office, or other factors. One of these engagements was completed prior to August 31, 2022. The other two are in progress.

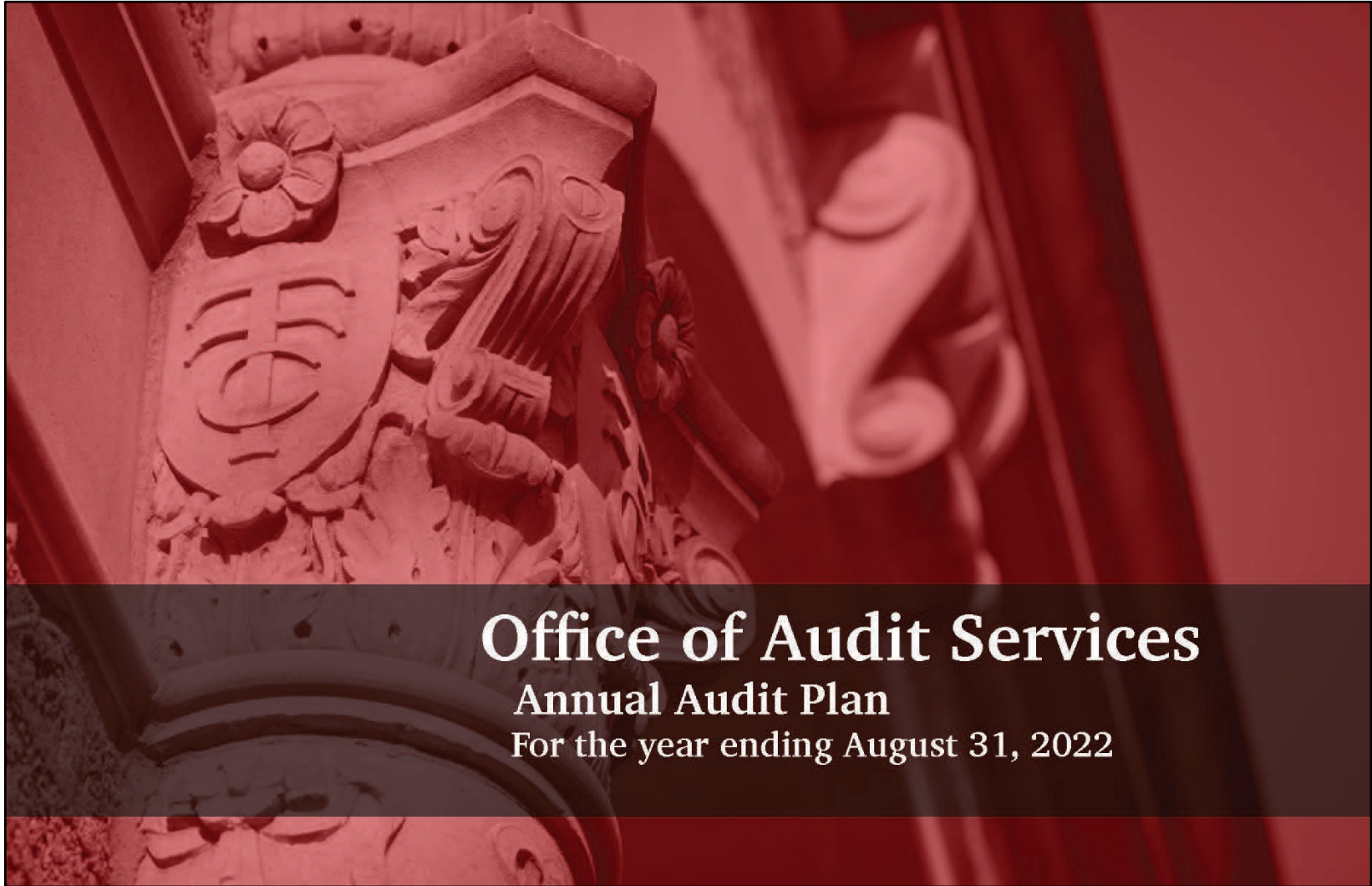
Rider 8, page III-46, the General Appropriations Act (87<sup>th</sup> Legislature) required higher education institutions to conduct an internal audit of benefits proportional by method of finance for fiscal years 2019 through 2021 using a methodology approved by the State Auditor's Office. Audits satisfying this requirement were completed in fiscal years 2020 and 2022. Fiscal year 2019 for TTU, TTUHSC, TTUHSC El Paso, and ASU was included in the audit completed July 7, 2020 (project #2020005), and MSU was included in the audit completed June 29, 2020 (project #20-02). Fiscal years 2020 and 2021 for all Texas Tech University System component institutions were included in the audit completed June 17, 2022 (project #2022005). The audits were submitted to the Legislative Budget Board, Comptroller of Public Accounts, and Texas State Auditor's Office as required.

Texas Education Code, Section 51.9337(h), as added by Senate Bill 20 (84<sup>th</sup> Legislature), requires higher education institutions to annually assess whether the institution has adopted the rules and policies required by this section and submit a report of findings to the state auditor. To comply with this audit requirement, the Office of Audit Services at Texas Tech University System included an audit entitled *Contracting and Procurement Processes* on its fiscal year 2022 annual audit plan. The audit report (#2022004) was issued to management on February 11, 2022, with a copy submitted to the State Auditor's Office. A summary of the objective and observations is included in the "Audits Completed" section of this annual report.

Other contract related engagements that were completed during fiscal year 2022 include TTUHSC Correctional Managed Health Care Contract and TTU Jones AT&T Stadium Private Club and Gameday Premium Concessions. Certain other audits included individual contracting objectives as a portion of the overall engagement scope. External audits of construction costs were also completed for TTU Jones AT&T Stadium East Side Finish-out, TTU Dustin R. Womble Basketball Practice Facility, and TTU School of Veterinary Medicine (Amarillo and Mariposa Campuses).

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

# Annual Plan for Fiscal Year 2022



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

# Annual Plan for Fiscal Year 2022

A decorative header image for the Table of Contents. It features a red-tinted photograph of classical architectural carvings, including a prominent flower-shaped capital on a column. The text "Table of Contents" is overlaid in white, serif font on the right side of the image.

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# Annual Plan for Fiscal Year 2022



## Formulation of the Annual Audit Plan

### **Mission Statement**

The mission of the Office of Audit Services is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

### **Risk Assessment Process**

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

The risk assessment process undertaken to prepare this annual plan was multi-layered. First, the Texas Tech University System and its institutions have implemented a formal Enterprise Risk Management (ERM) program. In conjunction with this program and through other risk identification processes, management of each institution provided risk information related to

# Annual Plan for Fiscal Year 2022

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*(Risk Assessment Process continued)*

strategic goals and operational processes of the institutions.

The Office of Audit Services also provided input into the risk assessment process for the institutions of the Texas Tech University System based on individual interviews with senior level officials, institutional knowledge, information from past audit and management advisory engagements, and knowledge of nationwide trends and occurrences in higher education and academic healthcare.

The result of these assessments was the identification of strategic, financial, operational, compliance, reputational, and environmental risks facing each institution. In the development of this annual plan, we considered the most significant risks and included audits and other engagements that could reduce the likelihood or impact of the risks and/or assist in clarifying risks at a more granular level.

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

# Annual Plan for Fiscal Year 2022

## Allocation of Time

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

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

# Annual Plan for Fiscal Year 2022



## Planned Engagements

### Texas Tech University

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

# Annual Plan for Fiscal Year 2022

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## Texas Tech University Health Sciences Center

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

# Annual Plan for Fiscal Year 2022

## Texas Tech University Health Sciences Center El Paso

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

# Annual Plan for Fiscal Year 2022

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## Angelo State University

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

# Annual Plan for Fiscal Year 2022

## Midwestern State University

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



# Annual Plan for Fiscal Year 2022

## Texas Tech University System & Components

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

# Annual Plan for Fiscal Year 2022



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

The Office of Audit Services evaluates Texas Tech's governance processes for:

- Making strategic and operational decisions
- Providing oversight of risk management and control processes
- Promoting appropriate ethics and values within Texas Tech and its component institutions
- Ensuring effective organizational performance management and accountability
- Communicating risk and control information to appropriate areas
- Coordinating the activities of and communicating information among our office, the Board of Regents, external auditors, other assurance providers, and management

# Annual Plan for Fiscal Year 2022

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*(Nature of Work continued)*

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

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

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

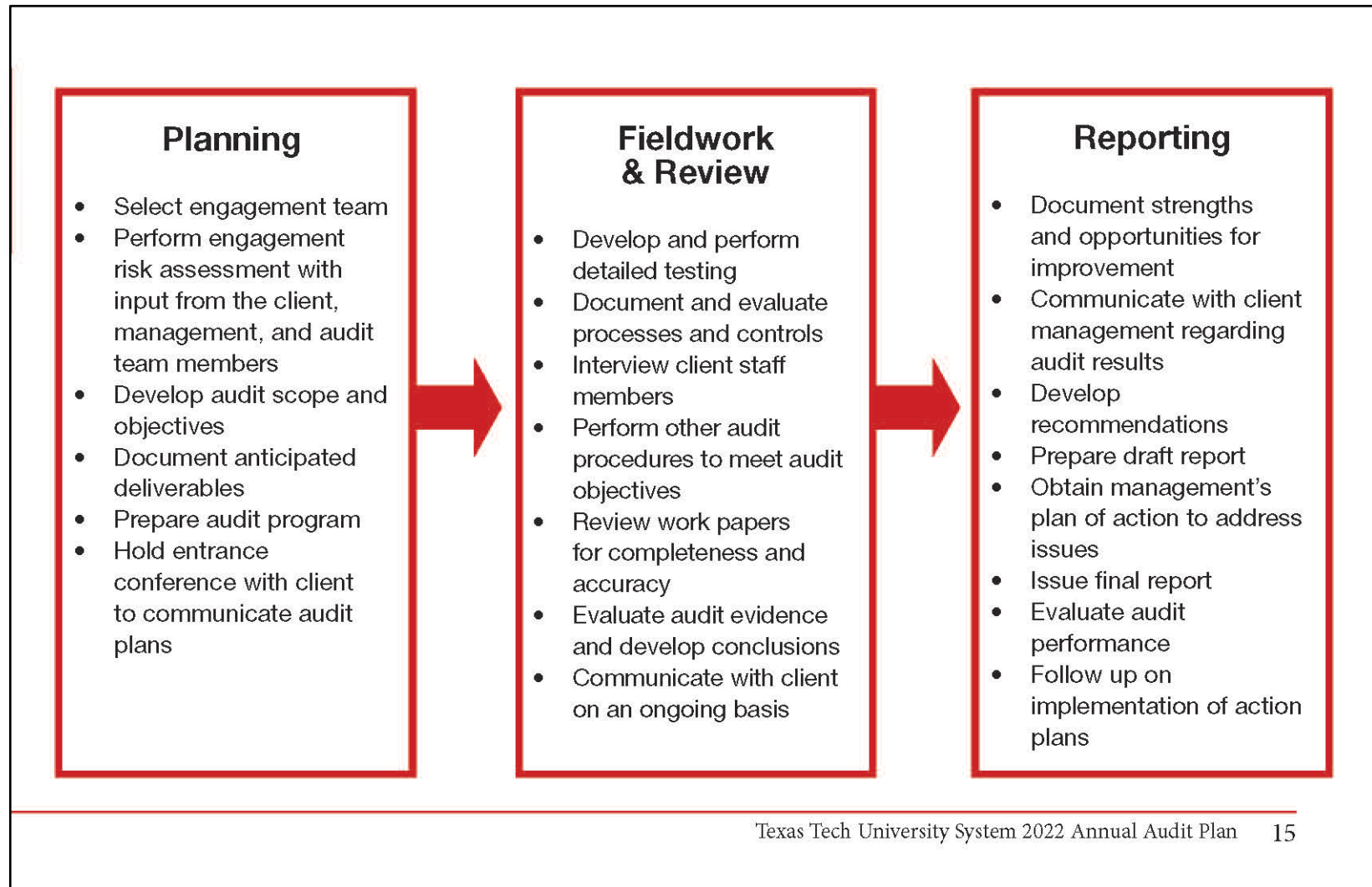
*The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017), pp 54-55*

# Annual Plan for Fiscal Year 2022



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

# Annual Plan for Fiscal Year 2022



# Annual Plan for Fiscal Year 2022



## Quality Assurance Program

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

- Completing a self-assessment questionnaire at the end of each engagement.
- Measuring performance against predetermined benchmarks that encourage excellence.
- Surveying clients regarding their level of satisfaction with the services we have provided.
- Completing an annual assessment of our quality assurance program as required by generally accepted government auditing standards.
- Completing a periodic self-evaluation of the office's operations to gauge compliance with internal audit standards.
- Participating in a periodic assessment by external peer review teams comprised of experienced higher education audit professionals.

# Annual Plan for Fiscal Year 2022

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## Performance Measures

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

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

# Audits Completed

## Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	8/5/2021	TTUS Closeout Construction Costs – TTU Jones AT&T Stadium East Side Finish-out	<p>Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of TTU Jones AT&amp;T Stadium East Side Finish-out was performed by RSM US LLP, a construction cost control and management advisory firm engaged by Texas Tech University System (TTUS). On November 26, 2018, TTUS entered into a construction manager at risk cost-plus guaranteed maximum price agreement with Lee Lewis Construction, Inc. (LLCI) for construction management services for the Jones AT&amp;T Stadium East Side project. The guaranteed maximum price in the contract was \$6,482,493.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 8, which was for services provided through April 1, 2021. The total amount billed as of that date, including the construction manager’s fee, was \$6,225,785. The auditors identified unallowable costs totaling \$4,478 related to general conditions disallowed costs, builder’s risk insurance, and bond premiums. LLCI agreed with the disallowed costs and has credited the project. Although LLCI’s response to the audit indicates it disagrees with the findings related to insurance and bond premiums, TTUS will ensure the adjustments are recalculated once the final contract amount is confirmed from LLCI’s final pay application.</p>	Implemented
N/A	10/29/2021	Office of Audit Services 2021 Annual Report	As required by State law and Regents’ Rules, we prepared the annual report for our office in accordance with guidelines established by the State Auditor’s Office. The report includes the results of activities for fiscal year 2021, the latest external quality assurance review, lists of audit and non-audit	No recommendations to implement.



# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			engagements completed, external audit services provided to Texas Tech, and the 2021 and 2022 annual audit plans.	
N/A	12/16/2021	TTUS Closeout Construction Costs – TTU Dustin R. Womble Basketball Practice Facility	<p>Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of TTU’s Womble Basketball Practice Facility was performed by R.L. Townsend &amp; Associates, LLC, a construction cost control and management advisory firm engaged by Texas Tech University System (TTUS). On January 19, 2018, TTUS entered into a construction manager at risk cost-plus guaranteed maximum price agreement with Lee Lewis Construction, Inc. (LLCI) for construction management services for the Dustin R. Womble Basketball Practice Facility project. The guaranteed maximum price for the contract was \$26,970,316.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 13, which was for services provided through June 2, 2021. The total amount earned as of that date, including the construction manager’s fee, was \$26,273,411. The auditors identified unallowable costs totaling \$61,391 related to self-performed and subcontractor labor, rented equipment, auto costs, and bonds. LLCI agreed with the disallowed costs and credited the project.</p>	Implemented
2022007	2/9/2022	Agreed-Upon Procedures Report on Credit Card, Travel Expenses, and Charter Flights of Board of Regents, Chancellor, and Presidents	The CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, conducted an agreed-upon procedures engagement in which they reviewed fiscal year 2021 expense reimbursements, credit card expenses, and charter flights of the regents, chancellor, and presidents. The auditors noted one voucher was approved more than 30 days after the trip date, and another voucher was not approved by the traveler certifying the travel expenses.	No recommendations to implement.
2022004	2/11/2022	Contracting and Procurement Processes for FY2022	The objectives of this audit were to assess whether the Texas Tech University System (TTUS) and its component institutions have adopted the rules and policies required by Texas	Incomplete/ongoing

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Education Code (TEC) §51.9337 and to follow up on recommendations from the 2021 TTUS Contracting and Procurement Processes audit related to Legislative Budget Board (LBB) and Board of Regents contract reporting processes. TTUS and its component institutions have adopted the rules and policies required by TEC §51.9337. Auditors identified one policy from this section that was no longer in place for one of the component institutions due to revisions to the TTUS Contract Management Handbook; however, during the engagement, TTUS revised the TTUS Contract Management Handbook to fully adopt the required policy.</p> <p>TTUHSC and TTUHSC El Paso have substantially implemented auditors' recommendations regarding both LBB and Board of Regents contract reporting. However, ASU has not addressed auditors' recommendations to revise LBB reporting processes to ensure all required contracts are identified and reported timely in accordance with applicable statutes, nor has it documented its LBB reporting processes to ensure continuity and consistency. Finally, TTU has taken steps to revise its LBB reporting processes, but has not fully implemented management's plan of action for one item.</p>	<p>Recommendations related to policy inconsistencies, and TTU and ASU's LBB reporting processes are pending verification by the Office of Audit Services.</p>
2022006	3/1/2022	Texas Tech Foundation, Inc. 2021 Financial Statements and Independent Auditor's Report	<p>We assisted the independent audit firm of Bolinger, Segars, Gilbert &amp; Moss, LLP, in the annual audit of Texas Tech Foundation, Inc., for the year ended August 31, 2021. The auditor issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Additionally, there were no proposed but unrecorded journal entries, and no internal control weaknesses were identified.</p>	<p>No recommendations to implement.</p>
2022031	4/11/2022	TTUS Banner Vendor Table Processes	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The objectives of this audit were to evaluate processes and system access at TTU, TTUHSC, and TTUHSC El Paso</p>	<p>Incomplete/ongoing Banner system access recommendations have been</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>related to changes to the Banner vendor tables. Overall, processes at the universities ensure changes to the Banner vendor tables have a legitimate business need; however, auditors identified opportunities for each component institution to limit and segregate access to Banner vendor tables and to further ensure new vendor information is correct and vendor data is input into Banner accurately. Additionally, TTU has opportunities to further verify, document, and review accounts payable address changes, and TTUHSC El Paso has opportunities to formally document and review vendor address and direct deposit change verifications. Management agreed with the recommendations.</p> <p>TTUS is beginning implementation of robotic process automation (RPA) within Banner vendor table processes. Once implemented, this RPA may impact the processes auditors evaluated. Also, as an additional consideration, auditors identified additional opportunities for the component institutions to use RPA to address some of the process risks identified in the audit. The report included additional specific processes that may benefit from RPA, including those related to vendor tax ID numbers, payment holds and sanctions, and updates of vendor records.</p>	<p>implemented by TTUHSC El Paso but are still in progress at the other institutions. Additionally, process recommendations are either pending verification by the Office of Audit Services (TTUHSC and TTUHSC El Paso) or not yet due (TTU).</p>
2021005	5/5/2022	TTUS Assessment of Risk Management Processes	<p>Texas Tech University System (TTUS) has implemented Enterprise Risk Management (ERM), which is defined as a process, overseen by the chancellor and respective president of each component institution, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives. While standards of practice have been defined, each institution has independently developed a structure for its implementation. During the May 2022 Board of Regents meeting, the TTUS Chief Financial Officer and Chief Audit Executive partnered to provide this</p>	<p>No recommendations to implement.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			report on ERM processes and key risks across TTUS and its institutions.	
N/A	5/9/2022	TTUS Closeout Construction Costs – TTU School of Veterinary Medicine (Amarillo and Mariposa Campuses)	<p>Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of TTU’s School of Veterinary Medicine was performed by CBIZ Risk &amp; Advisory Services, a construction cost control and management advisory firm engaged by Texas Tech University System (TTUS). On February 6, 2019, TTUS entered into a construction manager at risk cost-plus guaranteed maximum price agreement with Western Builders of Amarillo, Inc. (WB) for construction management services for the School of Veterinary Medicine project for both the Amarillo and Mariposa Campuses. The guaranteed maximum price for the contract was \$91,393,692 as of the time of the audit. Amendment 6 was awarded after the audit was complete, making the new guaranteed maximum price \$93,030,055. These costs were added by TTU to facilitate early occupancy and purchase certain value items and will not need to be audited.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 20, which was for services provided through August 31, 2021. The total amount earned as of that date, including the construction manager’s fee, was \$86,511,767. The auditors identified combined unallowable costs totaling \$52,500 related to insurance costs, bond rates, self-performed labor, and rented equipment. WB agreed with the disallowed costs and credited the project.</p>	Implemented
2022003	5/23/2022	Cancer Prevention and Research Institute of Texas (CPRIT) Grant Funds	The objective of this engagement, required annually by CPRIT, was to verify Texas Tech University System institutions are compliant with established CPRIT grant requirements for fiscal year 2021 expenditures. This program-specific audit, which was performed by the independent CPA	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>firm of Bolinger, Segars, Gilbert &amp; Moss, LLP, covered 28 grants totaling over \$52 million at TTUHSC, TTUHSC El Paso, and TTU, of which \$7.8 million was expended during fiscal year 2021. The audit concluded that the institutions complied in all material respects with the compliance requirements that could have a direct and material effect on CPRIT awards. In addition, the auditors did not note any deficiencies in internal controls that they consider to be material weaknesses.</p>	
2022005	6/17/2022	Compliance with Benefits Proportional by Fund Requirements	<p>The objective of this audit was to ensure that proportional benefits by fund are accurately calculated and applied according to the established guidelines set forth in Article IX, Section 6.08 of the General Appropriations Act, 86<sup>th</sup> Legislature (General Appropriations Act), and the policies and procedures established by the Office of the Comptroller of Public Accounts. The audit covered fiscal years 2020 and 2021 and included TTU, TTUHSC, TTUHSC El Paso, ASU, and MSU.</p> <p>Texas Tech University System’s member institutions generally comply with the defined provisions and guidelines for reporting benefits proportionally by fund. The APS 011 reports for fiscal years 2020 and 2021 were prepared in compliance with the General Appropriations Act and other established guidelines. Each institution’s report agreed to supporting documentation and account balances in both the Uniform Statewide Accounting System (USAS) and each institutions’ financial ledgers. In addition, TTUS member institutions’ deposits to the State Treasury and transfers recorded in USAS were reasonable, appropriate, and in line with the expected activity of the institution, and employee salaries paid from the General Revenue Fund were allowable and authorized on General Revenue Funds. Although we did not uncover systemic issues, auditors noted one MSU faculty member’s group insurance benefits were paid from state appropriated</p>	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			funds when the corresponding salary was paid from local tuition funds. The amount is not material in relation to the institution's state appropriations and did not result in the receipt of excess general revenue.	
2022037b	7/11/2022	TTUS Institutional Advancement Gift Intake and Check Depositing Policies and Procedures	During the TTUHSC EP Institutional Advancement Check Depositing Processes audit, auditors noted that the TTUS Office of Institutional Advancement <i>Gift Intake and Check Depositing Policies and Procedures</i> contain inconsistent or incomplete guidance. Management will update and distribute the updated policies to Institutional Advancement offices.	Incomplete/ongoing  This recommendation is pending verification by the Office of Audit Services.
N/A	8/3/2022	Office of Audit Services Quality Assurance Activities	In accordance with generally accepted government auditing standards (GAGAS) Standard 5.44, which requires audit organizations to analyze and summarize the results of their monitoring procedures at least annually, the Assistant Chief Audit Executive completed a review of our office's quality assurance activities. The procedures also included following up on recommendations from prior self-assessment and external peer review reports. Three recommendations remain in progress; all others have been implemented. The Assistant Chief Audit Executive concluded that the Office of Audit Services has established procedures that provide reasonable assurance that audits and other engagements are performed and reports are issued in accordance with professional standards.	No recommendations to implement.
N/A	8/11/2022	Office of Audit Services 2023 Annual Audit Plan	In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we prepared our 2023 annual audit plan based on the results of a formal risk assessment process. Our plan of work incorporates all the institutions of the Texas Tech University System, including Texas Tech University System Administration, Texas Tech University, Texas Tech University Health Sciences Center, Angelo State University, Texas Tech University Health Sciences Center El Paso, and Midwestern State University.	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We have also scheduled time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work. Sections 01.02.8 and 07.02.7 of the Regents' Rules require Board approval of the plan.	

# Audits Completed

## Texas Tech University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2021041	9/22/2021	Certified Rehabilitation Cost Report – TTU Weeks Hall	<p>The Texas Historic Preservation Tax Credit Program (Program) was established during the 83<sup>rd</sup> Texas Legislative Session and went into effect on January 1, 2015. The state historic tax credit is worth 25% of eligible rehabilitation costs for buildings listed in the National Register of Historic Places, as well as Recorded Texas Historic Landmarks and Texas State Antiquities Landmarks. Although governmental entities may not be able to utilize the tax credit, the credits may be sold to entities that can. The “Texas Technological College Historic District,” which includes Weeks Hall at TTU, is listed on the National Register of Historic Places. In order to be eligible for the tax credit program, a project must meet certain criteria and the costs must be audited. This engagement was performed to meet the audit requirement included in the Program. Auditors certified total eligible rehabilitation costs for the Weeks Hall renovation are \$1,093,855.</p>	No recommendations to implement.
2021042	9/24/2021	Payment Card Industry Data Security Standard Compliance	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The Payment Card Industry Data Security Standard (PCI DSS), developed by the PCI Security Standards Council (PCI Council), is a set of technical and operational requirements to protect cardholder data. The PCI Council, founded by the major payment card brands (American Express, Discover Financial Services, JCB, MasterCard, and Visa), is responsible for managing the security standards while the major payment brands are responsible for enforcing compliance. Failure to comply with the PCI DSS would subject the institution to fines and penalties, up to the complete revocation of the ability to accept and process payment cards.</p>	<p>Incomplete/ongoing</p> <p>These recommendations are in progress.</p>



# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>The audit objectives were to evaluate payment card processes and the accuracy of the information included in required self-assessment questionnaires (SAQs) and to determine if device inventory management controls and training materials are effective. TTU is not fully compliant with PCI DSS requirements. The current governance structure does not ensure departments are implementing PCI DSS operational requirements, nor are current departmental procedures monitored for compliance. Cash and Credit Management Services has taken positive steps to encourage compliance and has begun providing the tools needed to proactively manage and document compliance with specific PCI DSS requirements, such as inventory logs and tampering inspection logs. Additionally, departments demonstrated a positive attitude toward compliance. However, management has additional opportunities to further improve the governance framework and foster compliance by strengthening inventory management controls, improving monitoring procedures, and implementing validation processes to ensure SAQs are accurate and compliant with PCI DSS requirements.</p>	
2021033	10/4/2021	Intercollegiate Athletics	<p>The objectives of this audit were related to Title IX training for students, controls over multi-year scholarship agreements, and the process for managing and monitoring NCAA compliance risks. Compliance Services has implemented processes to evaluate and prioritize NCAA bylaw compliance, including assignment of staff to monitor each bylaw area. Processes include a robust risk assessment linking risks to responsible parties, associated bylaws, and internal monitoring policies and processes. Compliance Services has also implemented controls to accurately track scholarship agreements and monitor team scholarship limits, which are also monitored by individual sports. Financial Aid performs an additional review and approval for all proposed scholarship agreements and modifications. Auditors reviewed a sample of scholarship</p>	<p>Incomplete/ongoing  This recommendation is in progress.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>agreements and found they agree to scholarship tracking documentation.</p> <p>Finally, student-athletes receive Title IX training annually online, in-person, and/or virtually. A small sample of student-athletes were interviewed and communicated their awareness of Title IX reporting processes and comfort with Title IX reporting channels. However, there are opportunities to further strengthen the Title IX training program to ensure completeness, communicate retaliation information, and demonstrate compliance with NCAA policy. Management agreed with our recommendations.</p>	
2022070	12/13/2021	Jones AT&T Stadium Private Club & Gameday Premium Concessions Procurement Process	The objective of this engagement was to verify that the procurement solicitation, evaluation, and selection process for the TTU Jones AT&T Stadium Private Club and Gameday Premium Concessions Contract (the Contract) was compliant with state law and University policy. Auditors concluded that the required procurement solicitation, evaluation, and selection process was followed for the Contract. Our review of the procurement documents as well as our interviews of the contract review committee members and other key individuals confirmed that the applicable procurement regulations and policies were fulfilled in all material respects.	No recommendations to implement.
2022011	1/14/2022	Football Attendance Certification	In order to comply with the requirements established by NCAA Bylaw 20.9.9.3.2, our office reviewed attendance at the six home football games for the 2021 season. NCAA Bylaws require that Division I-A institutions average at least 15,000 in actual attendance for all home football games. Our procedures indicate that TTU met the requirement with attendance far exceeding the 15,000 required.	No recommendations to implement.
2022009	1/14/2022	Intercollegiate Athletics FY2021 Agreed-Upon Procedures	BKD, LLP, an independent CPA firm, performed agreed-upon procedures at TTU required annually by the NCAA. For the year ended August 31, 2021, the external auditors reviewed revenues and expenses, noting changes from budgeted amounts	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			or from prior years. The engagement performed was not an audit, so no opinion was expressed by the auditors.	
2022010	1/18/2022	Texas Tech Public Media 2021 Financial Statements	Texas Tech Public Media is a telecommunications entity licensed to Texas Tech University that operates public television and radio stations in Lubbock, El Paso, and San Angelo. We assisted the independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, with the annual audit of Texas Tech Public Media for the year ended August 31, 2021, and preparation of the annual report for submission to the Corporation for Public Broadcasting (CPB). This audit is required by the CPB and was included in our annual plan. The independent auditors issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Additionally, there were no proposed but unrecorded journal entries, and no internal control weaknesses were identified.	No recommendations to implement.
2022069	3/23/2022	Texas Tech Rodeo Team Special Project	The Texas Tech Rodeo Team (Team) is a registered student organization that consists of undergraduate students who represent the University in intercollegiate rodeos and events across the nation. The Interim Dean of the Davis College of Agricultural Sciences & Natural Resources notified our office that the Team deposited a scholarship donation into the Team's off-campus bank account rather than routing the check through the Texas Tech Foundation, Inc. Although our review of the Team's off-campus bank account did not reveal conclusive evidence of fraud or misuse of funds, auditors identified several unsubstantiated expenses and overdraft fees as a result of limited financial controls. Management has begun to strengthen internal controls over financial activities, ensure compliance with University policies related to awarding scholarships, formalize processes for contracts paid with non-University funds, and ensure compliance with University policies when performing self-help maintenance or construction projects.	Incomplete/ongoing  These recommendations are pending verification by the Office of Audit Services.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	4/8/2022	FY2021 Business Expenditure Reimbursements to Faculty and Staff	Auditors utilized data analytics to review business expenditure reimbursements to faculty and staff for fiscal year 2021. The review was performed to evaluate compliance with select provisions of University policy and to review for potential indicators of fraud. Auditors provided the detailed results of the analytics, which included a few instances of non-compliance, to Procurement Services with recommendations to improve monitoring, reviews, and policy specifics. No evidence of fraud was noted.	Incomplete/ongoing  Implementation will be verified when the data analytics are performed for fiscal year 2022.
2022008	5/13/2022	Texas Higher Education Coordinating Board Facilities Audit	The objective of this audit, which was included in our annual plan to comply with Coordinating Board requirements, was to determine if TTU conformed with Coordinating Board guidelines pertaining to facility development project applications and approvals from May 2015 to April 2022. Auditors tested 18 new construction or repair and renovation projects to determine if applicable approvals were obtained and reports were submitted. The University is in compliance with requirements related to obtaining Board of Regents approval for new construction, repair and renovation projects, and real property acquisitions, as well as submitting accurate project data to the Coordinating Board for review. TTU did not acquire real property subject to the Coordinating Board reporting requirements during the period under review.	No recommendations to implement.
2022046	6/14/2022	Certified Rehabilitation Cost Report – TTU Chemistry Building	The Texas Historic Preservation Tax Credit Program (Program) was established during the 83 <sup>rd</sup> Texas Legislative Session and went into effect on January 1, 2015. The state historic tax credit is worth 25% of eligible rehabilitation costs for buildings listed in the National Register of Historic Places, as well as Recorded Texas Historic Landmarks and Texas State Antiquities Landmarks. Although governmental entities may not be able to utilize the tax credit, the credits may be sold to entities that can. The “Texas Technological College Historic District,” which includes the Chemistry Building at TTU, is listed on the National Register of Historic Places. In order to	No recommendations to implement.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>be eligible for the tax credit program, a project must meet certain criteria and the costs must be audited. This engagement was performed to meet the audit requirement included in the Program. Auditors certified total eligible rehabilitation costs for the Chemistry Building renovation are \$880,593.</p>	
2022021	7/7/2022	Institutional Reporting Processes	<p>Postsecondary institutions that participate in any Title IV federal student financial assistance program are required to report information to the National Center for Education Statistics' Integrated Postsecondary Education System (IPEDS). The Common Data Set (CDS) is a standardized set of data items and definitions institutions voluntarily publish for third-party reference. Since the information TTU reports in these two information sources can impact external rankings, federal funding, and the institution's reputation, accurate reporting is critical. As such, the audit objectives were to evaluate controls surrounding CDS and IPEDS reporting and validate select information reported in the CDS and IPEDS for 2020-2021, the latest reporting year. The Office of Institutional Research is responsible for reporting statistical information to University management and stakeholders, governmental authorities, and other third parties.</p> <p>Senior management terminated employment of the Managing Director of Institutional Research during the audit. Following this termination, Institutional Research management resubmitted the Fall 2021 IPEDS Human Resources Survey, which had recently been submitted, to address certain miscategorizations. While the data queries Institutional Research utilized to identify information for inclusion in 2020-2021 IPEDS and CDS reporting reasonably aligned with reporting guidelines and information reported generally agreed to supporting documentation, Institutional Research has opportunities to ensure classifications of staff are in closer alignment with IPEDS requirements, validate information obtained from functional departments, and improve internal</p>	<p>Incomplete/ongoing</p> <p>Recommendations related to IPEDS and CDS consistency and instructional staff overstatement have been implemented, and the recommendation related to internal reviews is in progress. The remaining recommendations are not yet due.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>review processes. Additionally, Institutional Research should also amend portions of the 2020-2021 IPEDS surveys, if able, and the 2020-2021 CDS to address inaccuracies noted during this engagement. University management agreed with the recommendations.</p>	
2022045	8/2/2022	Certified Rehabilitation Cost Report – TTU Drane Hall	<p>The Texas Historic Preservation Tax Credit Program (Program) was established during the 83<sup>rd</sup> Texas Legislative Session and went into effect on January 1, 2015. The state historic tax credit is worth 25% of eligible rehabilitation costs for buildings listed in the National Register of Historic Places, as well as Recorded Texas Historic Landmarks and Texas State Antiquities Landmarks. Although governmental entities may not be able to utilize the tax credit, the credits may be sold to entities that can. The “Texas Technological College Historic District,” which includes Drane Hall at TTU, is listed on the National Register of Historic Places. In order to be eligible for the tax credit program, a project must meet certain criteria and the costs must be audited. This engagement was performed to meet the audit requirement included in the Program. Auditors certified total eligible rehabilitation costs for the Drane Hall renovation are \$2,534,567.</p>	No recommendations to implement.

# Audits Completed

## Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2021027	9/17/2021	Lubbock Department of Otolaryngology	<p>The audit objective was to determine if the Department has implemented internal controls surrounding cash handling and contract management. The Department has implemented internal controls to facilitate compliance with most contractual requirements; however, auditors identified inaccurate contract payment amounts resulting in opportunities to strengthen contract monitoring activities. Additionally, the Department has established key cash handling controls including documented policies and procedures, segregation of duties, receipt of payment, reconciliations, surprise cash counts, and overall safeguarding of cash. Still, there are opportunities to further strengthen the cash control structure and ensure compliance with TTUHSC operating policies and procedures.</p>	Implemented
2021044	11/5/2021	Payment Card Industry Data Security Standard Compliance	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objectives were to evaluate the governance framework being developed for PCI DSS compliance; to determine if training materials are effective; and to evaluate the institution's compliance with PCI DSS specific to the departmental processes for accepting payment cards, the accuracy of the institutional self-assessment questionnaires (SAQs), and implementation of select technical security controls.</p> <p>TTUHSC is not fully compliant with PCI DSS requirements. The current governance structure does not sufficiently ensure departments and clinics are implementing PCI DSS operational requirements nor are current departmental and clinical procedures monitored for compliance. Additionally, the portion of the network subject to PCI DSS technical requirements is broader than originally believed and intended;</p>	<p>Incomplete/ongoing</p> <p>PCI DSS governance recommendations with the exception of SAQ processes have been implemented. Recommendations related to training and call center recording processes are in progress, and the network compliance and scoping recommendation is pending verification by the Office of Audit Services.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>therefore, required security controls have not been implemented. Management has begun implementing a governance framework by procuring a new PCI DSS compliance training module, revising institutional operating policies, and developing applications to track device inventory and to complete and submit SAQs. However, management has additional opportunities to improve the governance framework and foster compliance by identifying and defining the PCI DSS network scope, defining and assigning PCI DSS compliance responsibilities, developing an annual SAQ submission process, strengthening inventory management controls, and ensuring personnel receive the necessary training.</p>	
2022013a	12/20/2021	Texas Higher Education Coordinating Board Residency Grants	<p>We performed this audit of the Texas Higher Education Coordinating Board Residency Grants to meet the audit requirements of the grant which are imposed by the Coordinating Board. The objective of the audit was to determine if TTUHSC complied with Coordinating Board guidelines related to the grants. Total fiscal year 2021 expenditures were \$672,831. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC's financial system.</p>	No recommendations to implement.
2021036	2/15/2022	Amarillo Campus Departments	<p>The objectives of this audit were to evaluate service to posting processes and determine the cause of lost revenue opportunity write-offs; and to determine if internal controls have been implemented surrounding cash handling. The scope of the audit included fiscal year 2021 cash handling processes and deposits for School of Medicine Amarillo Family Medicine, Pediatrics, Obstetrics &amp; Gynecology, and the MPIP Business Office; and fiscal year 2021 service to posting data and processes for the MPIP Business Office, Pediatrics, Internal Medicine, and Family Medicine. Overall, the School of Medicine completes patient encounter documentation timely, monitors service to posting activities, and has implemented certain controls to secure patient payments. However, auditors</p>	<p>Incomplete/ongoing</p> <p>Most cash handling recommendations have been implemented, and management was unable to identify reports to easily track delinquent provider documentation. Auditors are working with management to determine if additional monitoring options are available.</p>



# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			identified opportunities for improvement related to patient encounter documentation and several cash control weaknesses.	
2022020b	4/18/2022	Federal Stimulus Funding	<p>Since the onset of the COVID-19 pandemic, the federal government has passed several federal stimulus acts to appropriate and allocate emergency funding to assist in economic stabilization and in preventing, preparing, and responding to Coronavirus. The audit objectives were to evaluate whether TTUHSC's expenditures charged to certain federal stimulus grants align with the respective grants' intended purpose and to evaluate whether lost revenue charged to Higher Education Emergency Relief Funds (HEERF) is calculated and documented in accordance with guidance issued by the U.S. Department of Education. Overall, expenditures charged to federal stimulus grants align with the respective grants' intended purpose, and lost revenue charged to HEERF funds is calculated and documented in accordance with guidance issued by the U.S. Department of Education.</p>	No recommendations to implement.
2022024	4/21/2022	Clinical Research Institute	<p>The Clinical Research Institute (Institute) at TTUHSC partners with departments and researchers to provide research-based services and training. Institute staff work on federal and state funded projects, as well as industry studies, which are funded by private companies and typically include trials for medical devices and pharmaceuticals. Depending on the project, either TTUHSC departments performing the study or the Institute bills industry sponsors for services rendered in accordance with executed agreements developed using the TTUHSC approved fee schedule. The audit objective was to determine if research billing and revenue processes within the Institute are accurate, complete, supported, and consistent.</p> <p>The Institute has implemented processes for invoicing and receiving revenues; however, the processes do not include consistent billing and reconciliation procedures. As a result,</p>	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>invoices to industry sponsors and TTUHSC departments are not always accurate or timely, resulting in one missed billing of a TTUHSC department and inaccurate billings to an industry sponsor. There are also opportunities to clarify payment timelines and to retain support for negotiated fee amounts.</p>	
2022036	4/27/2022	Telehealth Information Technology Controls	<p>In Fall 2021, our office conducted interviews with a number of key stakeholders regarding the current telehealth environment, processes, and controls. Overall, auditors identified the largest risk to TTUHSC is the lack of an institution-wide governance framework around telehealth. TTUHSC formed a Telehealth Clinical Integration Taskforce in 2019 that was charged with “developing policies and practices aimed at clinical integration of telehealth/telemedicine.” This taskforce issued a report with a number of recommendations in October 2020. Auditors reviewed the report and agree that following the guidance and recommendations noted by the Taskforce would create a solid foundation for a telehealth governance framework. Additionally, since that report, TTUHSC has identified “Comprehensive Telehealth” as a strategic priority. With the current initiatives toward a telehealth governance framework, our office will not perform additional work surrounding information technology controls at this time.</p>	No recommendations to implement.
2022012	6/17/2022	Correctional Managed Health Care	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objective was to evaluate the Patient Throughput Management application’s referral process for controls, duplication, and completeness. The scope of our review included current referral policies and processes for the Jordan and Montford Units. Managed Care has implemented a mix of automated and manual processes and controls to guide the patient referral workflow and ensure all physician referral requests are completed. Managed Care has also established policies and procedures to segregate duties for requesting and</p>	<p>Incomplete/ongoing</p> <p>These recommendations are not yet due.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>approving referrals. However, auditors identified instances of non-compliance with Managed Care policy, duplication in the referral process, and information technology control weaknesses.</p>	
N/A	7/7/2022	FY2021 Direct Pay Expenditures for Business Reimbursements to Faculty and Staff	<p>Auditors utilized data analytics to review direct pay expenditures for business reimbursements to TTUHSC faculty and staff for fiscal year 2021. This review was performed to evaluate compliance with select provisions of TTUHSC Operating Policy 72.03, <i>Direct Pay Expenditures</i>, and to review for potential indicators of fraud. Analytics were designed to identify requisitioners who submitted the largest number and/or amount of direct payments during the fiscal year.</p> <p>Overall, auditors did not identify any indicators of fraud, but identified recurring monthly reimbursements to a TTUHSC at Amarillo Department of Pediatrics faculty member for rental fees, furnishings, and utilities associated with an apartment located in Dallas. Reimbursements associated with the apartment, which is utilized by residents during short-term rotations, totaled \$19,684 in fiscal year 2021. The circumstances surrounding this arrangement are not memorialized in an agreement or memorandum of understanding between TTUHSC at Amarillo, the faculty member, and the residents utilizing the apartment. Under the current arrangement, the faculty member is assuming significant personal liability and TTUHSC at Amarillo could be exposed to financial and reputational risks.</p> <p>The results of the data analytics performed were provided to TTUHSC Purchasing. Purchasing plans to work with the Executive Vice President of Finance and Operations and Amarillo Department of Pediatrics to identify, evaluate, and</p>	<p>Incomplete/ongoing</p> <p>Implementation will be verified when the data analytics are performed for fiscal year 2022.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			mitigate risks surrounding the faculty member's personal apartment utilized by residents.	

# Audits Completed

## Texas Tech University Health Sciences Center El Paso

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2022013b	12/20/2021	Texas Higher Education Coordinating Board Residency Grants	We performed this audit of the Texas Higher Education Coordinating Board Residency Grants to meet the audit requirements of the grant which are imposed by the Coordinating Board. The objective of the audit was to determine if TTUHSC El Paso complied with Coordinating Board guidelines related to the grants. Total fiscal year 2021 expenditures were \$125,298. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC El Paso's financial system.	No recommendations to implement.
2021037	1/14/2022	Medical Practice Income Plan Business Office Write-Off Controls and Processes	<p>The objective of this audit was to evaluate the effectiveness of write-off controls and processes in the Medical Practice Income Plan (MPIP) Business Office. Specifically, the audit determined if processes and controls ensure claims and/or denials are worked timely, all collection efforts are exhausted before writing off a claim, the root causes of denials and write-offs are identified and addressed, and write-off codes are accurate and appropriate.</p> <p>MPIP Business Office management has implemented and continues to improve write-off controls and processes. Specifically, some write-off processes have been automated to improve efficiency, and reports have been implemented to review and track employees' productivity and to analyze write-offs by department, write-off code, and other metrics. In addition, the Executive Director's collaboration with his counterpart at Texas Tech University Health Sciences Center has resulted in the implementation of a new process that is expected to result in a significant increase in reimbursements for uncompensated care. Still, auditors identified opportunities for improvement related to email encryption; escalation of coding-related write-offs; vendor invoice reconciliations;</p>	<p>Incomplete/ongoing</p> <p>All recommendations with the exception of the vendor invoice reconciliations have been implemented. The remaining recommendation is pending verification by the Office of Audit Services.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			write-off processes related to timeliness of appeals, collections efforts, and accuracy of write-off codes; and departmental policies and procedures.	
2022014	1/18/2022	TTUHSC El Paso Student Financial Assistance Cluster Program for 2021	<p>The independent CPA firm of Belt Harris Pechacek, LLLP, performed an audit of the Student Financial Assistance Cluster Program (Title IV federal financial aid programs) at TTUHSC El Paso for fiscal year 2021. The objectives of the engagement were to audit TTUHSC El Paso's compliance with federal regulations related to Title IV programs and to audit the schedule of expenditures of federal awards for Title IV for the year ended August 31, 2021 and the related notes (collectively, the financial statement). Belt Harris's opinion stated that TTUHSC El Paso complied, in all material respects, with the types of compliance requirements described in the <i>U.S. OMB Compliance Supplement</i> that could have a direct and material effect on Title IV for the year ended August 31, 2021. Belt Harris further opined that TTUHSC El Paso's financial statement presents fairly, in all material respects, the expenditures of federal awards for Title IV for the year ended August 31, 2021, in accordance with accounting principles generally accepted in the United States of America.</p> <p>During performance of the audit, Belt Harris noted several areas where improvements in internal control are warranted, although none of them rose to the level of a material weakness. These situations, along with Belt Harris's recommendations for improvement, were communicated in a management letter, which includes management's responses. Finally, there were no issues of concern disclosed in the auditor's required communications letter to the Board.</p>	<p>Incomplete/ongoing</p> <p>Belt Harris will follow up on recommendations relating to return of Title IV funds calculations and withdrawal dates, and direct loan disbursement notices during the FY22 audit.</p>
2022048	4/14/2022	Payment Card Industry Data Security Standard Compliance	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objectives were to evaluate compliance with PCI DSS specific to departmental and clinical processes for</p>	<p>Incomplete/ongoing</p> <p>These recommendations are pending an update from management.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>accepting payment cards and the implementation of select technical security controls, and to determine if training materials are comprehensive and provide sufficient information for departments accepting payment cards.</p> <p>TTUHSC El Paso is not fully compliant with PCI DSS requirements. The current governance structure does not sufficiently ensure departments and clinics are implementing PCI DSS operational requirements nor are current departmental and clinical procedures monitored for compliance. Additionally, network and other technology-related controls to ensure full compliance with PCI DSS have not been evaluated or implemented. Management has started taking steps toward compliance by rolling out a new PCI DSS compliance training module and through Information Technology CyberSecurity staff members working with individual departments and clinics on their payment card acceptance processes. However, management has additional opportunities to develop a governance framework and foster compliance by defining and assigning PCI DSS compliance responsibilities, developing an annual Self-Assessment Questionnaire submission and validation process, developing inventory management controls, identifying and defining the PCI DSS network scope, implementing PCI DSS required network controls, documenting contract review processes for PCI DSS considerations, and ensuring personnel receive necessary training.</p>	
2022037a	7/11/2022	Institutional Advancement Check Depositing Processes	The scope of our review focused on check deposit processes in the TTUHSC El Paso Office of Institutional Advancement (IA) after July 2021 when a new electronic deposit process was implemented. The audit methodology included reviewing policies and procedures; interviewing management and/or staff in Accounting Services, IA, and TTUS Institutional Advancement; observing IA's check deposit process; and	Incomplete/ongoing Implementation of the recommendations is due October 31, 2022.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>testing a sample of deposits for compliance with policies and procedures.</p> <p>The TTUHSC El Paso Office of IA has implemented certain internal controls surrounding check deposit processes such as the safeguarding of checks pending deposit and segregation of duties. However, auditors identified areas of non-compliance with TTUS, institutional, and departmental policies and procedures related to all phases of gift deposit processes, including but not limited to intake, reconciliation, and record retention activities. In addition, auditors identified opportunities to strengthen internal controls related to safeguarding checks and supporting documentation, capturing dates checks are received, establishing a back-up deposit custodian, and documenting complete check processing procedures. Office of IA management agrees with the recommendations.</p>	
2022020c	7/28/2022	Federal Stimulus Funding	<p>Since the onset of the COVID-19 pandemic, the federal government has passed several federal stimulus acts to appropriate and allocate emergency funding to assist in economic stabilization and in preventing, preparing, and responding to Coronavirus. The audit objectives were to evaluate whether TTUHSC El Paso's expenditures charged to certain federal stimulus grants align with the respective grants' intended purpose and to evaluate whether lost revenue charged to Higher Education Emergency Relief (HEERF) funds is calculated and documented in accordance with guidance issued by the U.S. Department of Education. Of the \$940,221 in expenditures audited, all but \$784 align with the respective grants' intended purpose, and lost revenue charged to HEERF funds is calculated and documented in accordance with guidance issued by the U.S. Department of Education. However, there is an opportunity to ensure that lost revenue charged to federal stimulus grants is accurately and consistently categorized in HEERF reports. Management has</p>	Implemented



# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			transferred the unallowable expenses to another funding source and will issue amended reports.	
2021046	8/1/2022	Dental Electronic Health Record Project Implementation Review	<p>The scope of the project implementation review included implementation activities between December 2019 and December 2021 when <i>axiUm</i>, the School of Dental Medicine’s Electronic Health Record (EHR), was implemented and the project was transitioned to the support phase. The audit methodology included a review of contract and project management documentation, notes from the weekly project status meetings attended, feedback from end-user surveys, and a review of specific internal controls.</p> <p>The <i>axiUm</i> dental EHR system and related services have been substantially delivered and implemented. Implementation of pending modules and services will be completed at Dental School management’s request. Auditors identified deficiencies related to project documentation, end-user testing and training, accessibility compliance, change management procedures, and user access management. Auditors conducted a survey of <i>axiUm</i> end-users regarding their experience with <i>axiUm</i>, and 40 out of 68 end-users (59%) surveyed submitted responses. A consensus of users expressed that <i>axiUm</i> is complex and not user-friendly, and training did not adequately prepare them to use the system. A copy of the survey results was provided to Dental School management for their review and consideration to improve end-user experience.</p>	<p>Incomplete/ongoing</p> <p>Recommendations related to change management procedures and user access management are in progress, and those related to project documentation and accessibility compliance are pending verification by the Office of Audit Services. The end-user training recommendation is not yet due.</p>
2022038a	8/1/2022	Information Technology Department Business Processes	The objective of this audit was to evaluate the effectiveness of the TTUHSC El Paso IT Department’s business processes. The IT Department has implemented certain controls over their business processes. Vendor relations processes reduce the risk of potential conflicts of interest, and purchases from top vendors are made through cooperative contracts providing discounted pricing and conditions in compliance with state procurement rules. Additionally, auditors reviewed a sample of	<p>Incomplete/ongoing</p> <p>These recommendations are pending verification by the Office of Audit Services.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>purchases and determined all had a business need, and no personal, excessive, or wasteful purchases were identified. However, auditors identified opportunities for improvement related to pre-approval for IT-related purchases and contracts, execution of Business Associate Agreements, use of the Help Desk ticketing system, transfer of refresh project inventory, and documentation for loaned computing devices.</p>	
2022038b	8/1/2022	Policies and Procedures Related to Transfer and Surplus of Computing Devices	<p>During the Information Technology Department Business Processes audit, auditors noted that TTUHSC El Paso policies, procedures, and forms related to the transfer and surplus of inventoried and non-inventoried computing devices provide unclear and/or incomplete guidance. Management is revamping the entire Property Inventory System, including form automation, more efficient routing, and policy updates.</p>	<p>Incomplete/ongoing This recommendation is not yet due.</p>
2022038c	8/1/2022	Information Technology Contract Processes	<p>During the Information Technology Department Business Processes audit, auditors noted that TTUHSC El Paso Contracting Services has not documented expectations for contract reviewers, nor do policies and procedures provide guidance for the required pre-approval process for IT-related contracts. As a result, IT-related contracts were not always routed to the IT Department for review and approval. Management of the Contracting and Information Technology departments will collaborate to update policies, procedures, and trainings to ensure all IT-related contracts are routed to IT for review and to document minimum review expectations.</p>	<p>Incomplete/ongoing This recommendation is in progress.</p>

# Audits Completed

## Angelo State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2022016	1/25/2022	ASU Foundation, Inc. 2021 Financial Statements	The independent audit firm of Armstrong, Backus & Co., LLP, performed the annual audit of Angelo State University Foundation, Inc., for the year ended August 31, 2021. The auditor issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Finally, the auditors did not note internal control or other deficiencies during the audit, and therefore did not issue a management letter.	No recommendations to implement.
2022027	2/3/2022	Conflict of Interest Processes	The objective of this audit was to evaluate ASU's implementation of conflicts of interest policies and procedures. Overall, ASU does not fully comply with its operating policy for conflicts of interest and commitment, and disclosure procedures are decentralized and unique to each college and department. While ASU has procedures for faculty and staff to disclose conflicts of commitment and certain departments including the Offices of Sponsored Projects, Human Resources, and Purchasing and Contracting have implemented formal disclosure processes for specific types of conflicts of interest, other departments' processes are more informal. Although the University operating policy requires written disclosures, college and department management does not consistently require employees to submit written disclosures of known or potential conflicts of interest. In many cases, only those employees who believe they have a potential conflict will verbally disclose the information to their immediate supervisor. To address the issues identified, the president's office has identified steps to improve and centralize procedures for the disclosure, review, and management of conflicts of interest.	Incomplete/ongoing  One recommendation related to compliance with operating policy has been implemented. Another regarding training is in progress. The last recommendation for university-wide disclosure procedures is not yet due.
2022028a	2/8/2022	Salesforce Application Security and Controls	The objectives of this audit were to evaluate coding and change management practices specific to the Salesforce	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>environment to ensure the controls provide reasonable assurance that the information resources are secured and managed; to evaluate access controls and processes to ensure system access to the Salesforce environment is limited; and to evaluate vendor management and contract review processes for Salesforce and tangential software.</p> <p>Overall, the controls in place related to coding and change management processes provide reasonable assurance that the information resources are secured and managed. Access control processes in place are generally effective, ensuring access is appropriately granted in conjunction with job responsibilities. Auditors found one group account that was shared by four individuals, which removes accountability and makes it difficult to know who performed an action. This access was corrected during the audit.</p> <p>Auditors noted that Salesforce is currently used by a small portion of the University; however, the software has the capability to be used University-wide, and Enrollment Management staff would like to expand its use. While current processes are reasonable for the limited usage, if the University chooses to expand the use of Salesforce to other University departments, additional formalization of processes and documentation of code and change management as well as access management will be required.</p>	
2022028b	2/8/2022	Vendor Management Processes	<p>During performance of the Salesforce Application Security and Controls audit, auditors noted an opportunity for ASU Information Technology to expand vendor management activities during the term of each contract to match the robust processes already in place for contract initiations and renewals. Management agreed and is finalizing a process for continuous monitoring of vendors.</p>	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2022015	2/11/2022	ASU Carr Foundation 2021 Financial Statements	The independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, performed the annual audit of the Angelo State University Carr Scholarship Foundation for the year ended August 31, 2021. The auditor issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Finally, the auditors did not note internal control or other deficiencies during the audit, and therefore did not issue a management letter.	No recommendations to implement.
2022040	4/13/2022	State and Institutional Financial Aid Grant Compliance	The scope and objective of this engagement was to evaluate compliance with eligibility criteria and award limits during the 2020-2021 aid year for TEXAS Grant program funds appropriated by the Texas Higher Education Coordinating Board (Coordinating Board), Texas Public Education Grant program funds authorized by the Texas Education Code, and funds through the institutional Ram Grant program. The Office of Financial Aid (Financial Aid) is awarding state and institutional grants in compliance with Coordinating Board guidelines regarding eligibility and maximum awards. Additionally, financial aid grant funds are expended only on student financial aid. To further enhance its operations, Financial Aid management agreed with recommendations to fully document grant award decisions involving special circumstances and to clearly define award criteria for institutional grant programs in internal policies and procedures.	Implemented
2022050	6/13/2022	Porter Henderson Library	The audit objectives were to determine if the Library's internal control structure is effective and provides reasonable assurance as to compliance with governing regulations, appropriate use of institutional funds, and the safeguarding of assets. The Library management team has implemented key financial control activities, such as reconciliations and segregation of duties, and demonstrates appropriate use of institutional funds. However, there are additional opportunities to ensure compliance with University contracting policies and	Incomplete/ongoing  The contract compliance and Special Collections safeguards recommendations are pending verification by the Office of Audit Services.

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>procedures and to improve safeguards for the Special Collections. During the audit, auditors also identified older computers that are not properly managed and secured. Since the Office of Information Technology is responsible for managing University computers, a recommendation to improve the management and security of computers campus-wide was communicated to Information Technology management.</p>	
2022072	6/20/2022	Property Inventory Validation	<p>The audit objectives were to validate the existence of ASU property inventory assets and to verify the accuracy of the corresponding inventory records. The current processes and procedures to manage and track University property are manual and ineffective, impacting the accuracy and integrity of inventory records and associated data. While the majority of the University assets selected for testing were confirmed to exist and are properly secured, the inventory records include data errors and inaccuracies. Further, transfers and disposals of assets are not consistently substantiated with proper documentation. Management has begun implementation of changes to introduce automation, improve annual inventory procedures and the accuracy of inventory records, escalate instances of non-compliance to University administrators, and maintain documentation to substantiate transfer and disposal actions.</p>	<p>Incomplete/ongoing</p> <p>All recommendations are either not yet due, in progress or pending verification by the Office of Audit Services.</p>
2022068	7/25/2022	Payment Card Industry Data Security Standard Compliance	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objectives were to evaluate payment card processes of select departments for compliance with PCI DSS requirements, the accuracy and alignment of the annual Self-Assessment Questionnaires (SAQs) with departmental processes, and the implementation of select technical security controls.</p> <p>ASU is not fully compliant with PCI DSS requirements. ASU has been operating without a university-wide operating policy</p>	<p>Incomplete/ongoing</p> <p>All recommendations are either not yet due or are pending verification by the Office of Audit Services.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>that defines responsibilities and processes for fostering compliance with PCI DSS. The current governance structure also lacks sufficient monitoring procedures to ensure departments are implementing PCI DSS operational requirements as expected. Additionally, the portion of the network subject to PCI DSS technical requirements is broader than management originally believed and intended; therefore, certain required security controls have not been implemented. Further, the renewal processes for existing contracts/licensing agreements with third parties do not consistently provide IT Security with the ability to review data security provisions at the time of renewal. Management plans to improve the governance framework and foster compliance by developing a university-wide operating policy, implementing validation processes to ensure SAQs are accurate and compliant with PCI DSS requirements, strengthening inventory management controls, implementing applicable technical requirements, implementing contract security reviews, and developing a comprehensive PCI DSS training program.</p>	

# Audits Completed

## Midwestern State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	10/7/2021	Office of Internal Audits Annual Report	As required by State law and Regents' Rules, we have prepared the annual report for the MSU Office of Internal Audits in accordance with guidelines established by the State Auditor's Office. The report includes the results of activities for fiscal year 2021, the latest external quality assurance review, lists of audit and non-audit engagements completed, external audit services provided to MSU, and the 2021 and 2022 annual audit plans.	No recommendations to implement.
2022020e	2/4/2022	Federal Stimulus – CARES Act Funding	<p>The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal economic stimulus bill passed by Congress and signed into law on March 27, 2020, in response to the COVID-19 pandemic. The CARES Act established the Higher Education Emergency Relief Fund (HEERF), which provides funds for institutions of higher education to prevent, prepare for, and respond to Coronavirus. Section 18004(a)(1) of the CARES Act provides funds for emergency financial aid grants to students for expenses related to the disruption of campus operations as a result of COVID-19 and to cover certain institutional costs associated with significant changes to the delivery of instruction as a result of COVID-19. The CARES Act requires institutions to use no less than 50% of the funds received under Section 18004(a)(1) to provide emergency financial aid grants to students.</p> <p>In addition to the Student and Institutional Portions described above, certain institutions also received Strengthening Institutions Program (SIP) HEERF funds under Section 18004(a)(2) of the CARES Act to defray expenses incurred, including lost revenue, to address needs directly related to COVID-19. While not required to use at least 50% of this award for student grants, institutions were encouraged to</p>	Implemented



# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>“devote the maximum possible amount of the award to Student Grants.”</p> <p>MSU was awarded and spent \$4,631,656 in CARES Act HEERF funding in 2020. With relatively few exceptions, students who received CARES Act emergency financial aid grants were eligible to receive such grants; expenditures funded by Institutional and SIP Portion funds were allowable and documented; and information included in CARES Act reports was accurate and timely. Management agreed with recommendations to retain supporting documentation and ensure compliance with the Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.</p>	
2022020f	2/4/2022	Federal Stimulus – CRRSAA Funding	<p>The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) is a federal economic stimulus bill passed by Congress and signed into law on December 27, 2020, in response to the COVID-19 pandemic. CRRSAA established the Higher Education Emergency Relief Fund II (HEERF II), which provides funds for institutions of higher education to prevent, prepare for, and respond to Coronavirus. Section 314(a)(1) of CRRSAA provides funds for emergency financial aid grants to students for any component of the student’s cost of attendance or for emergency costs that arise due to Coronavirus. CRRSAA requires that institutions prioritize students with exceptional need when awarding emergency financial aid grants. Section 314(a)(1) also provides funds to defray expenses associated with Coronavirus; to carry out student support activities authorized by the Higher Education Act of 1965 that address needs related to Coronavirus; and to make additional financial aid grants to students.</p> <p>In addition to the Student and Institutional Portions described above, certain institutions also received Strengthening</p>	Implemented

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Institutions Program (SIP) HEERF II funds under Section 314(a)(2) of CRRSAA. Funds received under Section 314(a)(2) can be used for the same purposes as funds awarded under Section 314(a)(1).</p> <p>MSU was awarded \$7,999,271 in CRRSAA HEERF II funding in fiscal year 2021 and spent \$6,795,951 through September 30, 2021. All students who received CRRSAA emergency financial aid grants were eligible to receive such grants, and students with exceptional need were prioritized during the awarding process. Additionally, with relatively few exceptions, expenditures funded by Institutional and SIP Portion funds were allowable and documented, and information included in CRRSAA reports reviewed was accurate and timely. Management agreed with recommendations to increase transparency on fund utilization and ensure compliance with the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.</p>	
2021080	3/16/2022	Academic Outreach and Distance Education	<p>The audit objectives for this engagement were to examine MSU's governance activities and institutional policies for distance education activities, to determine if security controls around distance education activities comply with governing regulations and standards, and to determine if appropriate roles and privileges in the learning management system are granted to users based on the tasks required for their job. The diversity in programs and academic requirements of the University's distance education activities means a centralized approach to the course design and content is not feasible, and there is inconsistency in procedures and methodologies across the colleges. However, institutional guidance and expectations are necessary to ensure the University is compliant with the Southern Association of Colleges and Schools Commission on Colleges Standards; U.S. Department of Education requirements; Texas Administrative Code rules; Council of</p>	<p>Incomplete/ongoing</p> <p>The recommendation related to compliance with accessibility standards is implemented. The remaining recommendations are either in progress or not yet due.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Regional Accrediting Commissions guidelines; and State Authorization Reciprocity Agreements policies.</p> <p>Current institutional policies do not provide guidance and expectations for distance education activities such as student identity verification at enrollment and throughout courses; attendance and academic engagement monitoring; geographical location verification; course design, templates, and accessibility; academic integrity specific to distance education students; student privacy; and governance and oversight. There are also opportunities for management to establish a verification process to ensure distance education courses are compliant with American Disabilities Act accessibility standards and to establish periodic reviews of active users of the learning management system.</p>	
2022042	6/20/2022	Payment Card Industry Data Security Standard Compliance	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objectives were to evaluate compliance with PCI DSS specific to departmental processes for accepting payment cards and the implementation of select technical security controls, and to determine if training materials are comprehensive and provide sufficient information for departments accepting payment cards.</p> <p>MSU is not fully compliant with PCI DSS requirements. The current governance structure does not ensure departments are implementing PCI DSS operational requirements nor are current departmental procedures monitored for compliance. Additionally, the portion of the network subject to PCI DSS technical requirements is broader than management originally believed and intended; therefore, required security controls have not been implemented. Finally, the University has been operating without a university-wide operating policy that defines responsibilities and processes for fostering compliance</p>	<p>Incomplete/ongoing</p> <p>The University operating policy recommendation is implemented. All other recommendations are either not yet due or are pending updates from management.</p>

# Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			with PCI DSS. During the audit, management drafted and published for comment a new operating policy specific to payment card processes and compliance. Management plans to improve the governance framework and foster compliance by identifying and defining the PCI DSS network scope, defining and assigning PCI DSS compliance responsibilities, developing an annual Self-Assessment Questionnaire submission and validation process, ensuring personnel receive the necessary training, and documenting contract review processes for PCI DSS considerations.	

# Consulting Engagements Completed

## Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2021030	11/19/2021	ASU Athletics Title IX Processes	<p>Developed in consultation with management, the objectives of this engagement were to assess the sexual misconduct climate in Athletics at ASU and to evaluate whether Athletics provides equal treatment to both genders in the athletic financial assistance and other benefits categories.</p> <p>Overall, there is a positive perception regarding the sexual misconduct climate in Athletics. Student-athletes and Athletics employees feel Athletics and ASU as a whole foster a safe climate and a culture that enables reporting. Further, they expressed they would be comfortable reporting sexual misconduct, even if committed by someone in Athletics, and know how and to whom to report such incidents. Finally, they reported receiving useful sexual misconduct training. Additionally, Athletics provides equitable treatment in two other benefits category areas – tutoring and travel and per diem allowances. However, there is a disparity favoring women in the athletic financial assistance category, and there are disparities favoring men in eight of the remaining nine other benefits category areas. Auditors identified opportunities to strengthen governance to assist in ensuring equal treatment of both genders. Management responded that the Office of Title IX Compliance and the Athletics Department would work together to incorporate the recommendations into ASU’s gender equity timeline and plan.</p>	<p>Incomplete/ongoing</p> <p>The recommendation regarding gender equity is pending verification by the Office of Audit Services.</p>
2021040	1/21/2022	ASU Office of Development and Alumni Relations Gift Processing	<p>The audit objectives for this engagement were to evaluate the design of internal controls and processes at ASU related to gifts; to identify opportunities for automation and leveraging available technology; and to evaluate the design of processes to categorize gifts in accordance with the Council for Advancement and Support of Education Global Reporting Standards (CASE Standards).</p>	<p>Incomplete/ongoing</p> <p>Three recommendations have been implemented, and the remaining three recommendations related to enhanced reporting, duplicate</p>

# Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>The Office of Development and Alumni Relations at ASU has implemented a system of internal controls and processes for receipting, recording, and reporting gifts and fundraising activities. Further, gifts and donations are classified according to CASE Standards. However, opportunities exist to gain additional efficiencies through the expanded use of technology and the development of automation, delegation of responsibilities, and increased collaboration with Texas Tech University System Office of Institutional Advancement. Auditors also recommended further strengthening key internal controls related to segregation of duties, reconciliation procedures, and record retention practices.</p>	<p>accounting activities, and reconciliation of pledge activity are pending verification by the Office of Audit Services.</p>
2021079	2/16/2022	TTUHSC El Paso Dental Clinic Business Processes	<p>The objective of this engagement was to assist the Woody L. Hunt School of Dental Medicine's Dental Oral Health Clinic (Dental Clinic) develop its business processes. Auditors drafted policies and procedures, participated in system development and testing, observed planned cash handling and depositing procedures, and facilitated a number of activities that must be in place for the Dental Clinic to accept patient payments. In order to preserve independence, auditors were not authorized to adopt, approve, or implement any policies or processes. Rather, management of the School and institution will finalize all aspects of business processes, systems, policies, procedures, and other aspects of the business functions.</p>	<p>No recommendations to implement.</p>
2022023	6/17/2022	TTUHSC Provost's Office	<p>The objective of this management advisory engagement, requested by the TTUHSC Office of the Provost, was to provide information on each School's process for assigning and monitoring faculty workload and compensation. While not required by state law or TTUS policy for health-related institutions, academic workload policies drive accountability, equitable distribution of workload, and prudent allocation and use of state and institutional resources. TTUHSC does not have an institutional academic workload policy; as a result,</p>	<p>No recommendations to implement.</p>

# Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>documentation and processes vary for each school. In general, deans, chairs, and administrators work together to ensure faculty workloads are equitable and applicable courses are taught. The School of Health Professions and the School of Nursing have each developed a formal workload policy that assigns tangible components to faculty workload elements to guide their assignment process. Other schools rely on annual evaluations to gather information and make determinations regarding faculty productivity.</p> <p>Auditors provided the Provost with detailed information pertaining to each school's process for managing and assigning faculty workload, an analysis documenting the number of full-time equivalency faculty in each school, an analysis of faculty payroll distribution workload components, and a comparison of faculty instruction percentages to their teaching load. In addition, the Provost's Office plans to assist in formalizing agreements and charges to the other schools for instruction by the Graduate School of Biomedical Sciences faculty.</p>	
2022073	7/12/2022	TTU Faculty with Administrative Appointments	<p>The objective of this management advisory engagement, requested by the TTU Office of the Provost, was to analyze how select college administrators at the University are compensated for administrative and non-administrative duties and to identify the colleges' practices for determining compensation for relevant administrative duties.</p> <p>Auditors analyzed how, and how much, college deans, associate deans, assistant deans, individuals functioning as department chairs, and directors of centers and institutes were compensated for their administrative and non-administrative duties as of April 15, 2022. Auditors also surveyed each college about its current methodology for compensating the relevant administrative positions and obtained examples of associated offer letters from each college. Summaries of these</p>	No recommendations to implement.

# Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			analyses, as well as survey responses and example offer letters, were provided to Office of the Provost management.	
2022049	7/26/2022	TTUHSC El Paso Student Health Insurance Plan Compliance	This management advisory engagement assisted with addressing concerns about TTUHSC El Paso students complying with requirements related to student health insurance. Auditors assisted by providing resources and information related to other higher education institutions' student health insurance plan eligibility, waiver, and verification requirements and processes. In May 2022, the Texas Tech University System Board of Regents approved TTUHSC El Paso's Operating Policy and Procedure 77.22, <i>Mandatory Student Health Insurance Requirement</i> .	No recommendations to implement.



# Contracting Audits Completed

Texas Government Code, Section 2261.258, requires the State Auditor’s Office to assign contract monitoring ratings each fiscal year to the 25 largest state agencies as determined by the Legislative Budget Board. The rating is based on a variety of factors, including the results of contracting-related audits conducted by the agency’s internal auditors. To assist in performing this function, the State Auditor’s Office has requested the 25 state agencies identify each audit report related to agency contracts and contract processes and controls completed in the last five fiscal years (2018-2022).

Of the Texas Tech University System institutions, Texas Tech University, Texas Tech University Health Sciences Center, and Texas Tech University Health Sciences Center El Paso are included in the 25 largest state agencies in fiscal year 2022. The tables below list audit engagements related to contracts and contract processes and controls completed in the last five fiscal years for these institutions.

## Texas Tech University

<b>Fiscal Year</b>	<b>Audit Number</b>	<b>Report Date</b>	<b>Report Title</b>	<b>Implementation Status</b>
2022	N/A	8/5/2021	TTUS Closeout Construction Costs – TTU Jones AT&T Stadium East Side Finish-out	Implemented
2022	N/A	12/16/2021	TTUS Closeout Construction Costs – TTU Dustin R. Womble Basketball Practice Facility	Implemented
2022	2022004	2/11/2022	Contracting and Procurement Processes for FY2022	Incomplete/ongoing – Recommendations related to policy inconsistencies and TTU’s LBB reporting processes are pending verification by the Office of Audit Services.
2022	N/A	5/9/2022	TTUS Closeout Construction Costs – TTU School of Veterinary Medicine (Amarillo and Mariposa Campuses)	Implemented
2022	2022070	12/13/2021	Jones AT&T Stadium Private Club & Gameday Premium Concessions Procurement Process	No recommendations to implement.
2022	2022069	3/23/2022	Texas Tech Rodeo Team Special Project	Incomplete/ongoing – These recommendations are pending verification by the Office of

# Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
				Audit Services.
2021	N/A	5/19/2021	TTUS Closeout Construction Costs – TTU Weeks Hall	Implemented
2021	2021004	7/22/2021	Contracting and Procurement Processes	Incomplete/ongoing – Recommendations were followed up on in the fiscal year 2022 contracting and procurement processes audit. See #2022004.
2020	2019036	9/20/2019	College of Education	Implemented
2020	2019050	10/29/2019	Costa Rica Campus	Incomplete/ongoing – A contract amendment that will formalize previous changes to payment schedules and timeliness is in progress.
2020	2019022a	12/6/2019	Office of Investments	Implemented
2020	N/A	1/21/2020	TTUS Closeout Construction Costs – TTU Experimental Sciences Building II	Implemented
2020	N/A	5/6/2020	TTUS Closeout Construction Costs – TTU College of Visual and Performing Arts Maedgen Theatre Addition	Implemented
2020	2020048	7/6/2020	University Interscholastic League Office	Implemented
2020	2020004	7/23/2020	Contracting and Procurement Processes	Implemented

# Contracting Audits Completed

<b>Fiscal Year</b>	<b>Audit Number</b>	<b>Report Date</b>	<b>Report Title</b>	<b>Implementation Status</b>
2020	2020074	7/23/2020	Texas Tech Equestrian Center Special	Implemented
2020	2020036	7/24/2020	Transportation & Parking Services	Implemented
2019	2019021	1/8/2019	Lubbock Power and Light Power Purchase Agreement	No recommendations to implement.
2019	N/A	5/28/2019	Construction Project Expenses – TTU Sports Performance Center	Implemented
2019	2019004	7/29/2019	Contracting and Procurement Processes	Implemented
2018	N/A	12/2017	Contractor Selection Process Review: TTU Maedgen Theatre	Implemented
2018	N/A	1/9/2018	Construction Project Expenses – TTU Honors Residence Hall	No recommendations to implement.
2018	2018004	7/27/2018	Contracting and Procurement Processes	Implemented
2018	2017074	2/13/2018	Texas Manufacturing Assistance Center – West Texas	Implemented
2018	2017074b	4/6/2018	Texas Manufacturing Assistance Center – West Texas Travel Reimbursements	Implemented

Texas Tech University Health Sciences Center

# Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2022	2022004	2/11/2022	Contracting and Procurement Processes for FY2022	Incomplete/ongoing – Recommendation related to policy inconsistencies is pending verification by the Office of Audit Services.
2022	2021027	9/17/2021	Lubbock Department of Otolaryngology	Implemented
2022	2022024	4/21/2022	Clinical Research Institute	Implemented
2022	2022012	6/17/2022	Correctional Managed Health Care	Incomplete/ongoing – These recommendations are not yet due.
2022	N/A	7/7/2022	FY2021 Direct Pay Expenditures for Business Reimbursements to Faculty and Staff	Incomplete/ongoing – Implementation will be verified when the data analytics are performed for fiscal year 2022.
2021	2020049	11/11/2020	Lubbock Department of Pediatrics	Implemented
2021	2021017	7/6/2021	Correctional Managed Health Care Contract	Implemented
2021	2021004	7/22/2021	Contracting and Procurement Processes	Incomplete/ongoing – Recommendations were followed up on in the fiscal year 2022 contracting and procurement processes audit. See #2022004.
2020	N/A	10/8/2019	TTUS Closeout Construction Costs – TTUHSC Permian Basin Academic Facility	Implemented

# Contracting Audits Completed

<b>Fiscal Year</b>	<b>Audit Number</b>	<b>Report Date</b>	<b>Report Title</b>	<b>Implementation Status</b>
2020	2019022a	12/6/2019	Office of Investments	Implemented
2020	N/A	5/4/2020	TTUS Closeout Construction Costs – TTUHSC Lubbock Education, Research & Technology + West Expansion	Implemented
2020	2020040	7/22/2020	School of Nursing	Implemented
2020	2020004	7/23/2020	Contracting and Procurement Processes	Implemented
2020	2019027	7/23/2020	Department of Ophthalmology EMR Migration and Implementation Review	No recommendations to implement.
2019	2019015	6/26/2019	Correctional Managed Health Care	Implemented
2019	2019004	7/29/2019	Contracting and Procurement Processes	Implemented
2018	2017015	10/19/2017	Correctional Managed Health Care Contract	Implemented
2018	2017040	3/5/2018	Collection Agency Processes	No recommendations to implement.
2018	2018017	5/7/2018	Correctional Managed Health Care Contract	Implemented
2018	2018043	7/16/2018	Department of Family and Community Medicine	Implemented
2018	2018004	7/27/2018	Contracting and Procurement Processes	Implemented

# Contracting Audits Completed

## Texas Tech University Health Sciences Center El Paso

<b>Fiscal Year</b>	<b>Audit Number</b>	<b>Report Date</b>	<b>Report Title</b>	<b>Implementation Status</b>
2022	2022004	2/11/2022	Contracting and Procurement Processes for FY2022	Incomplete/ongoing – Recommendation related to policy inconsistencies is pending verification by the Office of Audit Services.
2022	2021037	1/14/2022	Medical Practice Income Plan Business Office Write-Off Controls and Processes	Incomplete/ongoing – All recommendations with the exception of the vendor invoice reconciliations have been implemented. The remaining recommendation is pending verification by the Office of Audit Services.
2022	2021046	8/1/2022	Dental Electronic Health Record Project Implementation Review	Incomplete/ongoing – All recommendations with the exception of the end-user training recommendation are pending verification by the Office of Audit Services. The end-user training recommendation is not yet due.
2022	2022038a	8/1/2022	Information Technology Department Business Processes	Incomplete/ongoing – These recommendations are pending verification by the Office of Audit Services.
2022	2022038c	8/1/2022	Information Technology Contract Processes	Incomplete/ongoing – This recommendation is pending verification by the Office of Audit Services.

# Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2021	N/A	3/19/2021	TTUS Closeout Construction Costs – TTUHSC EP Medical Science Building II and Dental Learning Center	Incomplete/ongoing – Resolution of the findings may be impacted by potential litigation related to the construction project.
2021	N/A	6/23/2021	TTUS Closeout Construction Costs – TTUHSC EP Dental Oral Health Clinic	Implemented
2021	2021004	7/22/2021	Contracting and Procurement Processes	Incomplete/ongoing – Recommendations were followed up on in the fiscal year 2022 contracting and procurement processes audit. See #2022004.
2020	2019089	11/18/2019	Department of Neurology	Incomplete/ongoing – Recommendations involving cash handling have been verified as implemented. The one remaining recommendation regarding external reports is pending verification by the Office of Audit Services.
2020	2019022a	12/6/2019	Office of Investments	Implemented
2020	2019082	4/24/2020	Medical Services Agreement Billing Review	Implemented
2020	2019087	6/4/2020	Heating, Ventilation, and Air Conditioning (HVAC) Vendor Contract Review	Implemented
2020	2020004	7/23/2020	Contracting and Procurement Processes	Implemented

# Contracting Audits Completed

<b>Fiscal Year</b>	<b>Audit Number</b>	<b>Report Date</b>	<b>Report Title</b>	<b>Implementation Status</b>
2019	2019078	12/20/2018	Department of Emergency Medicine Contract Billing Processes	No recommendations to implement.
2019	2019054	3/19/2019	Library Cash Controls	Implemented
2019	2019030	4/9/2019	Transmountain Clinical Practice Business Processes	Implemented
2019	2019045	7/22/2019	Department of Emergency Medicine	Incomplete/ongoing – Several recommendations have been verified as implemented. The last remaining recommendation regarding unbilled services is pending verification by the Office of Audit Services.
2019	2019004	7/29/2019	Contracting and Procurement Processes	Implemented
2018	2017054	10/3/2017	Department of Pathology	Implemented
2018	2017030	10/19/2017	Contract Management Processes	Implemented
2018	2018004	7/27/2018	Contracting and Procurement Processes	Implemented



# External Quality Assurance Review

Our most recent external quality assurance review, dated July 13, 2021, indicates that the Office of Audit Services of Texas Tech University System generally conforms with the *International Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* and with *Government Audit Standards* as required by the Texas Internal Auditing Act for the period reviewed. A copy of the report is included on the following pages. Our next external quality assurance review will be conducted during fiscal year 2024.

# External Quality Assurance Review



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## Texas Tech Office of Audit Services

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### Internal Quality Assessment with External Validation

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Issued: July 13, 2021

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July 13, 2021

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

Dear Ms. Turner:

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

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

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

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

Sincerely,

John W. McDaniel  
University of Alabama System

Pam Dunleavy  
University of South Carolina

Michelle Finley  
Oklahoma A & M Board of Regents

James Dillon  
University of Colorado

# Other Value-Added Activities

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## *Service to Texas Tech University System and Component Institutions*

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Activity	Impact
Served as TTUS Values Culture Ambassadors, Communications Team Leader, Engagement Team Leader, and Values Ambassadors Team Chairman	Contributed to the establishment of a set of shared values for Texas Tech University System Administration and act as leaders to uphold our values and move our culture forward
Facilitated the MSU Values Summit	Helped MSU launch their journey to create a sustainable values-based culture
Participated in the Enterprise Risk Management (ERM) Committee for Texas Tech University System Administration	Oversaw development of ERM processes to facilitate timely reporting of ERM information to the Board of Regents
Served on the Enterprise Systems Work Group, which provides information on the design, implementation, maintenance, and support of enterprise information systems shared across the Texas Tech University System	Contributed to Texas Tech University System's efforts to enhance services to students, faculty, and staff
Served as a proctor in the TTUS Facilities Planning & Construction contractor selection process	Strengthened the integrity of the selection committee process
Served on the TTUHSC President's Advisory Board	Strengthened the partnership and communication with members of TTUHSC executive management regarding strategic direction and current operations
Served on the TTUHSC Institutional Compliance and Risk Committee	Contributed to the oversight of the TTUHSC Institutional Compliance Program and provided guidance to the Institutional Compliance Officer
Served on the TTUHSC Clery Compliance Committee	Contributed to the oversight and coordination of TTUHSC's Clery Act compliance efforts
Served on the TTUHSC Billing Compliance Advisory Committee	Contributed to the oversight of the TTUHSC Billing Compliance Program on the Lubbock campus and provided guidance to the Billing Compliance Officer
Served on the TTUHSC School of Medicine Performance Improvement Committee	Contributed to the School of Medicine's mission to provide high quality patient care while providing excellence in medical education
Served on the TTUHSC El Paso Institutional Compliance Committee	Contributed to the oversight of the TTUHSC El Paso Institutional Compliance Program and provided guidance to the Institutional Compliance Officer
Served on the MSU Administrative Council	Contributed to the oversight and coordination of MSU policy review and implementation

# Other Value-Added Activities

Served on the MSU Compliance Advisory Committee	Contributed to the oversight of the MSU Institutional Compliance and Ethics Program and provided guidance to the Compliance Partners
Served on the MSU Environmental, Health, Safety, and Risk Management Compliance Committee	Contributed to the oversight and coordination of MSU's environmental, health, safety, and risk management compliance efforts
Participated in implementation meetings for a new policy management software system at MSU	Contributed to the implementation team's oversight of the new policy management software system
Presented fraud prevention training for TTUSA and component institution employees	Heightened the awareness of fraud indicators, strengthened fraud prevention efforts, and contributed to an ethical environment
Presented control environment and cash controls training for ASU employees	Heightened the awareness of the need for a strong control environment and presented specific best practices related to cash controls
Facilitated fraud prevention discussions at TTU new employee orientation events	Increased new employees' understanding of fraud prevention and policies at Texas Tech University and Office of Audit Services' role at Texas Tech University System

## *Service to the Profession of Internal Audit*

Activity	Impact
Served as committee members, faculty, and mentor for the Association of College & University Auditors (ACUA)	Contributed to the profession of internal auditing and strengthened knowledge base
Served as Secretary of the Texas Association of College & University Auditors (TACUA)	Contributed to the profession of internal auditing and strengthened knowledge base
Served as President Elect and President of the South Plains Chapter of Texas Society of CPAs (TXCPA)	Contributed to the accounting profession and strengthened knowledge base
Served as the President, Vice President, Membership Officer, and Certification Officer of the High Plains Chapter of The Institute of Internal Auditors (IIA)	Strengthened professional commitments and knowledge base by providing relevant, local continuing professional education opportunities
Performed an independent review of the High Plains Chapter of the IIA's Annual Financial Report	Strengthened professional commitments and knowledge base
Served as the Founding President, President, and Treasurer of the El Paso Chapter of Certified Fraud Examiners	Strengthened professional commitments and knowledge base while providing relevant, local continuing professional education opportunities

# Other Value-Added Activities

Presented training sessions for ACUA	Contributed to the profession of internal auditing and strengthened knowledge base
Attended IIA Leadership training	Strengthened professional commitments and knowledge base

## *Professional Service to the Community*

Activity	Impact
Served as Secretary of the Texas Tech Federal Credit Union Board of Directors	Reinforced community relationships and strengthened professional commitments and knowledge base
Served as member of the Covenant Health System Board of Directors and Chair of Planning & Finance Committee	Reinforced community relationships and strengthened professional commitments and knowledge base
Served as member of the Wichita Falls Symphony Orchestra Board of Directors	Reinforced community relationships and strengthened professional commitments and knowledge base
Served as member of the Lubbock Chamber of Commerce's 2022 Leadership Lubbock class	Reinforced community relationships and strengthened professional commitments and knowledge base

# Annual Plan for Fiscal Year 2023

The annual audit plan for Texas Tech University System for the year ending August 31, 2023, was approved by the Audit Committee of the Board of Regents on August 11, 2022. The audit plan is based on the results of a formal risk assessment process which identifies strategic, financial, operational, compliance, reputational, and environmental risks facing each institution. There are 53 planned engagements included in the annual plan. The planned engagements include audits to address the various types of risks, including risks associated with federal stimulus funding, grant and contract management, institutional reporting, and information technology.

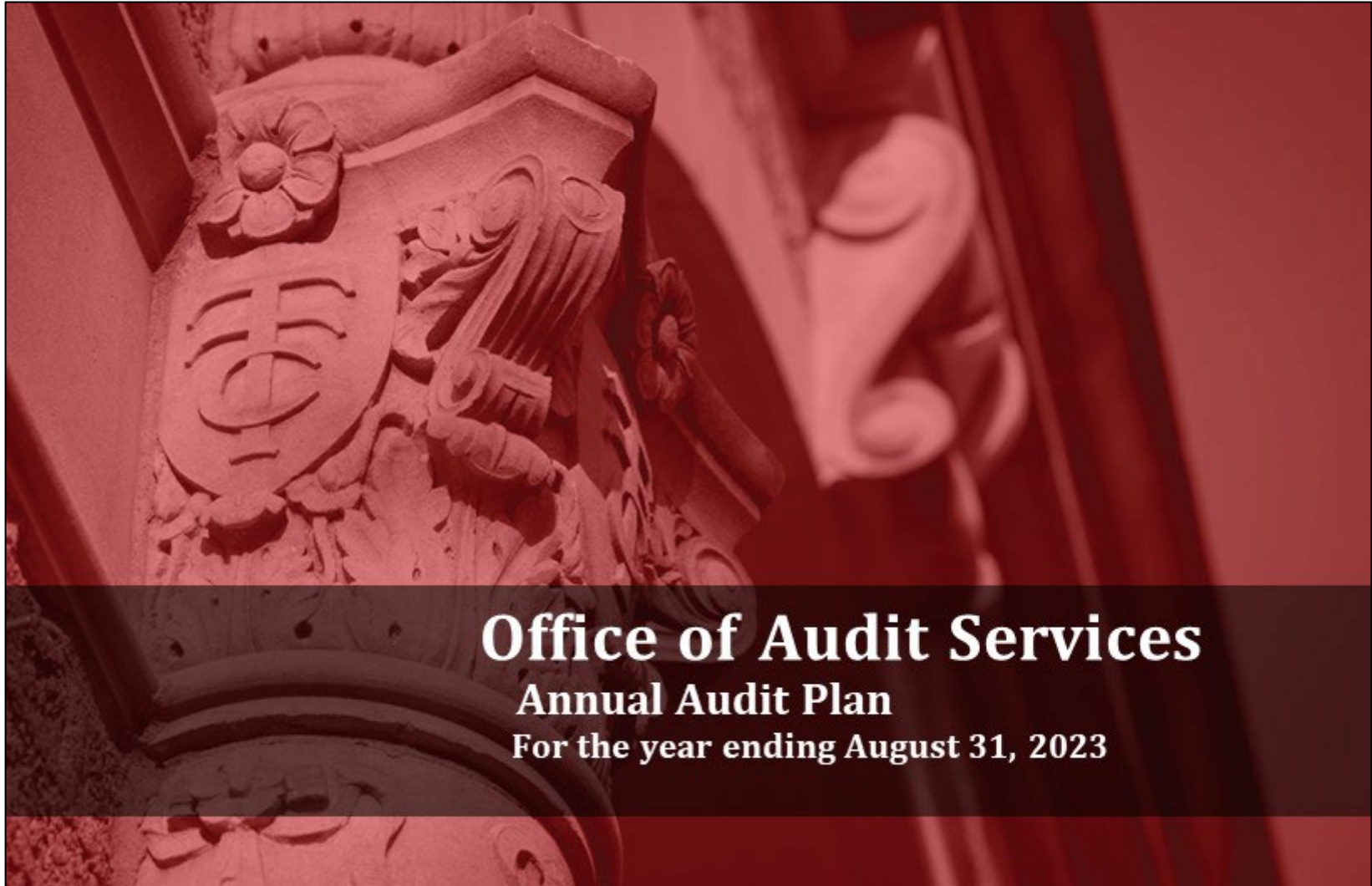
Rider 8, page III-46, the General Appropriations Act (87<sup>th</sup> Legislature) required higher education institutions to conduct an internal audit of benefits proportional by method of finance for fiscal years 2019 through 2021 using a methodology approved by the State Auditor's Office. Audits satisfying this requirement were completed in fiscal years 2020 and 2022 and were submitted to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor's Office as required. No additional audits related to benefits proportionality were required or included in the 2023 annual audit plan.

The following planned engagements address contract management and other requirements of Senate Bill 20 (84<sup>th</sup> Legislature): TTUS Contracting and Procurement Processes, TTUHSC Correctional Managed Health Care Contract, and TTUHSC El Paso Medical Coding Contract Monitoring Processes.

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

The annual audit plan for fiscal year 2023 is included on the following pages.

# Annual Plan for Fiscal Year 2023



# Annual Plan for Fiscal Year 2023



<b>Mission Statement</b>	<b>3</b>
<b>Risk Assessment Process</b>	<b>3-4</b>
<b>Allocation of Time</b>	<b>5</b>
<b>Planned Engagements</b>	<b>6-11</b>
<b>Nature of Work</b>	<b>12-13</b>
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# Annual Plan for Fiscal Year 2023

## Formulation of the Annual Audit Plan

### **Mission Statement**

The mission of the Office of Audit Services is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

### **Risk Assessment Process**

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

The risk assessment process undertaken to prepare this annual plan was multi-layered. First, the Texas Tech University System and its institutions have implemented a formal Enterprise Risk Management (ERM) program. In conjunction with this program and through other risk identification processes, management of each institution provided risk information related to strategic goals and operational processes of the institutions.

# Annual Plan for Fiscal Year 2023

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*(Risk Assessment Process continued)*

The Office of Audit Services also provided input into the risk assessment process for the institutions of the Texas Tech University System based on individual interviews with senior level officials, institutional knowledge, information from past audit and management advisory engagements, and knowledge of nationwide trends and occurrences in higher education and academic healthcare.

The result of these assessments was the identification of strategic, financial, operational, compliance, reputational, and environmental risks facing each institution. In the development of this annual plan, we considered the most significant risks and included audits and other engagements that could reduce the likelihood or impact of the risks and/or assist in clarifying risks at a more granular level.

Audit standards also require the chief audit executive to inform the board of risks not addressed because of resource constraints. High risks not covered in the fiscal year 2023 annual audit plan fall into these categories: accreditation, campus safety & security, cybersecurity, data management, emergency preparedness, employee recruitment & retention, enrollment management, governance, and regulatory compliance. Additional high risks were identified in the general areas of information technology, auxiliary services, and facilities. While related engagements are not part of the FY 2023 Annual Audit Plan, there are other mitigating activities and follow-up engagements that address these risks.

# Annual Plan for Fiscal Year 2023

## Allocation of Time

Our staff consists of 17 audit professionals. After consideration of estimated time for office administration, holidays, and annual leave, we determined our allocable chargeable time to be approximately 20,200 hours.

Type of Service	Total	% of Total	Description
<b>Risk-Based Engagements</b>			
Assurance	10,055	50%	Audits of operations and processes to address identified risks
Management Advisory and Consulting	1,825	9%	Consulting engagements requested or identified
Follow-Up	900	5%	Follow-up on management action plans from prior audits
<b>Required Engagements</b>	970	5%	Engagements required by statute, external entities, policies, etc.
<b>Investigations</b>	2,500	12%	Hours reserved for investigations, hotline complaints, and special projects
<b>Other Value-Added Work</b>			
Service to Institutions	1,200	6%	Institutional committees, conducting campus training, data analytics, etc.
Service to the Profession	650	3%	Service in professional organizations and on peer review teams
OAS Operations and Staff Development	2,100	10%	Annual audit plan and report, quality assurance and improvement program, continuing professional education, strategic initiatives
	<b>20,200</b>	<b>100%</b>	

# Annual Plan for Fiscal Year 2023



## Planned Engagements

### Texas Tech University

Visiting Scholar Processes	Operational/Compliance
Licensing and Trademark Processes	Financial/Compliance
Intercollegiate Athletics	Operational/Compliance
College of Arts and Sciences	Financial/Controls
Whitacre College of Engineering	Financial/Controls
Controlled Unclassified Information (CUI) Processes	IT Controls
College Business Officer Academy	Management Advisory
Energy Related Programs	Management Advisory
NCAA Financial Agreed-Upon Procedures	Financial (assist)
Texas Tech Public Media Financial Statements	Financial (assist)
Football Attendance Certification	Compliance

# Annual Plan for Fiscal Year 2023

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## Texas Tech University Health Sciences Center

Institutional Reporting Processes	Controls
Texas Child Mental Health Care Consortium Funding	Financial/Compliance
Health Related Data Flows and Processes	Management Advisory/IT Controls
Social Media Processes	Operational
Permian Basin Campus Departments	Financial/Operational
Julia Jones Matthews School of Population and Public Health	Financial/Controls
Correctional Managed Health Care Contract	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance

# Annual Plan for Fiscal Year 2023

## Texas Tech University Health Sciences Center El Paso

Training and Educational Center for Healthcare Simulation	Financial/Controls
Dental Oral Health Clinic Financial Processes	Controls
PremiSys Application Security and Controls	Operational/IT Controls
Institutional Reporting Processes	Controls
Grant Administration	Operational/Controls
Medical Coding Contract Monitoring Processes	Controls
Texas Higher Education Coordinating Board Residency Grants	Compliance
SACS Financial Statement Review	Financial (assist)
Student Financial Aid Program	Compliance (assist)

# Annual Plan for Fiscal Year 2023

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## Angelo State University

Institutional Reporting Processes  
Faculty Load and Compensation  
Faculty Onboarding Processes  
NVCOB Commercial Aviation Program  
Maxient Application Security and Controls  
Scholarship Selection and Awarding Processes  
SACS Financial Statement Review  
Student Financial Aid Program  
Perkins Student Loan Program Liquidation  
NCAA Financial Agreed-Upon Procedures  
Carr Foundation Financial Statements  
ASU Foundation Financial Statements

Controls  
Operational/Management Advisory  
Operational/Governance  
Management Advisory  
IT Controls/Data Security  
Operational/Compliance  
Financial (assist)  
Compliance (assist)  
Compliance (assist)  
Financial (assist)  
Financial (assist)  
Financial (assist)

# Annual Plan for Fiscal Year 2023

## Midwestern State University

President's Office  
Information Technology General Controls Review  
Federal Stimulus Funds  
London Study Abroad Program Cash Controls  
Institutional Reporting Processes  
SACS Financial Statement Review  
Student Financial Aid Program  
Multihazard Emergency Plan Safety and Security Audit  
MSU Foundation, Inc. Financial Statements

Management Advisory  
IT Security/Controls  
Compliance/Financial  
Controls  
Controls  
Financial (assist)  
Compliance (assist)  
Compliance  
Financial (assist)



# Annual Plan for Fiscal Year 2023

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## Texas Tech University System & Components

Foreign Influence Mitigation Program	Management Advisory/Controls
Construction Audits	External Audit
Texas Tech Foundation, Inc. Financial Statements	Financial (assist)
Regents, Chancellor, & Presidents Travel and Other Expenses	Compliance (assist)
CPRIT Grant Funds	Financial/Compliance (assist)
Contracting and Procurement Processes	Compliance
State Auditor's Office, THECB, and Comptroller's Office Projects	Miscellaneous (assist)

# Annual Plan for Fiscal Year 2023



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

The Office of Audit Services evaluates Texas Tech's governance processes for:

- Making strategic and operational decisions
- Providing oversight of risk management and control processes
- Promoting appropriate ethics and values within Texas Tech and its component institutions
- Ensuring effective organizational performance management and accountability
- Communicating risk and control information to appropriate areas
- Coordinating the activities of and communicating information among our office, the Board of Regents, external auditors, other assurance providers, and management

# Annual Plan for Fiscal Year 2023

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*(Nature of Work continued)*

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

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

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

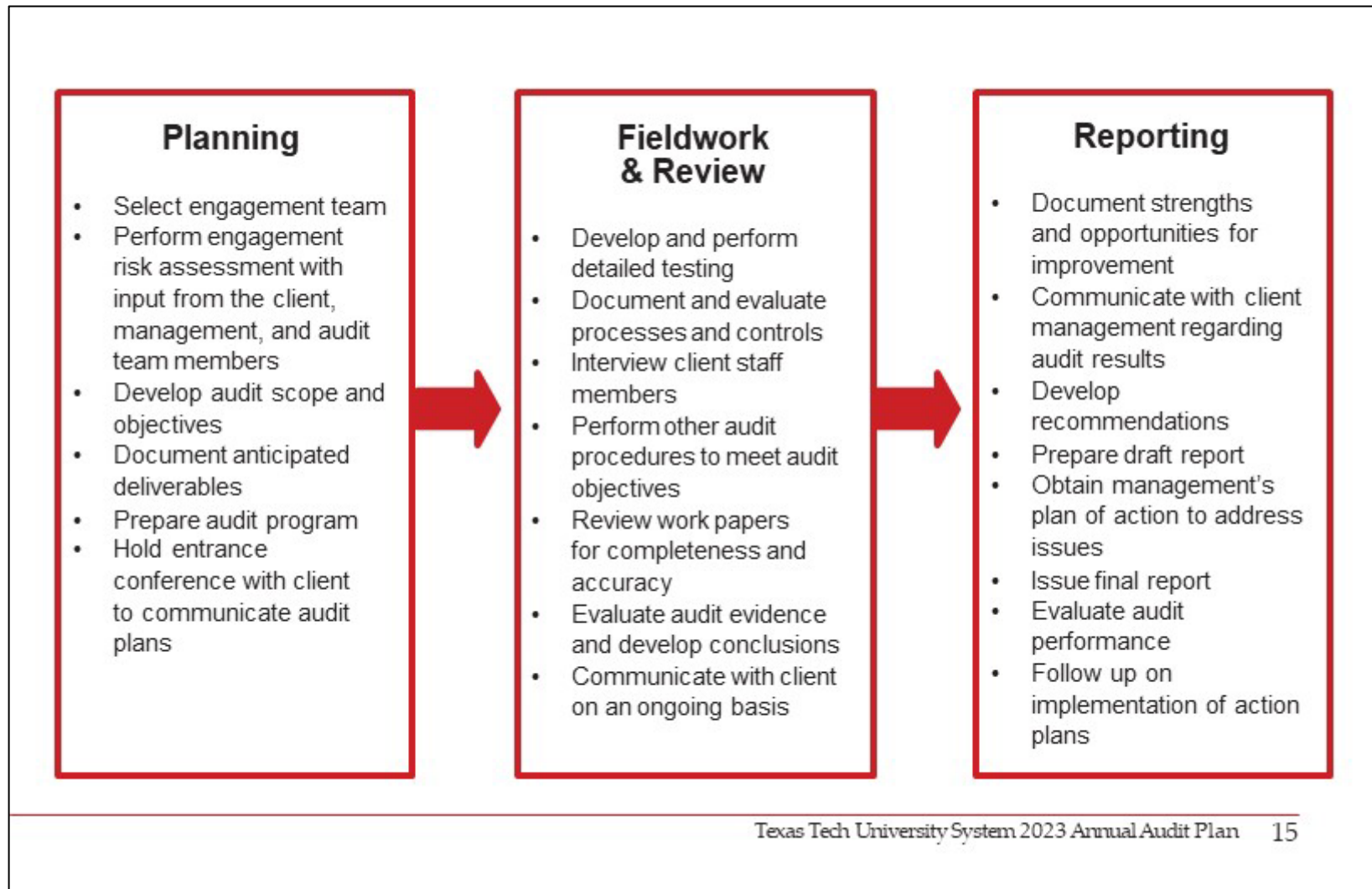
*The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017.) pp 54-55*

# Annual Plan for Fiscal Year 2023



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

# Annual Plan for Fiscal Year 2023



# Annual Plan for Fiscal Year 2023



## Quality Assurance Program

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

- Completing a self-assessment questionnaire at the end of each engagement.
- Measuring performance against predetermined benchmarks that encourage excellence.
- Surveying clients regarding their level of satisfaction with the services we have provided.
- Completing an annual assessment of our quality assurance program as required by generally accepted government auditing standards.
- Completing a periodic self-evaluation of the office's operations to gauge compliance with internal audit standards.
- Participating in a periodic assessment by external peer review teams comprised of experienced higher education audit professionals.

# Annual Plan for Fiscal Year 2023

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## Performance Measures

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

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

# External Audit Services

Institution	Service	Firm
Texas Tech University System and Components	Credit Card, Travel Expenses, and Charter Flights of Board of Regents, Chancellor, and Presidents Agreed-Upon Procedures	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System	Texas Tech Foundation, Inc. Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System and Components	Cancer Prevention and Research Institute of Texas (CPRIT) Awards Program-Specific Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System	Construction Project Expenses: TTU Jones AT&T Stadium East Side TTU Womble Basketball Practice Facility TTU School of Veterinary Medicine	RSM US LLP R.L. Townsend & Associates, LLC CBIZ Risk & Advisory Services
Texas Tech University	Texas Tech Public Media Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Intercollegiate Athletics Agreed-Upon Procedures	BKD, LLP
Texas Tech University Health Sciences Center El Paso	Student Financial Aid Program	Belt Harris Pechacek, LLLP
Angelo State University	ASU Foundation, Inc. Financial Statement Audit	Armstrong, Backus & Co., LLP
Angelo State University	Robert G. Carr and Nona K. Carr Scholarship Foundation Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP



# Reporting Suspected Fraud and Abuse

Texas Tech University System and its component institutions have developed several mechanisms for reporting fraud to the State Auditor's Office. These mechanisms satisfy the requirements included in the General Appropriations Act and the Texas Government Code. Specifically, actions address the following requirements:

- Fraud Reporting. Article IX, Section 7.09, the General Appropriations Act (87<sup>th</sup> Legislature)
- Texas Government Code, Section 321.022

The Chief Audit Executive or designee report to the State Auditor's Office if there is reasonable cause to believe that misappropriation or misuse of funds or other fraudulent or unlawful conduct has occurred. The Regents' Rules of the Texas Tech University System include a fraud policy. The policy references state law and requires the Office of Audit Services to notify the State Auditor's Office of suspected fraudulent activity. Additionally, Texas Tech University System Regulation 08.01, Office of Audit Services Communication and Operations, states the Chief Audit Executive will notify the State Auditor's Office of suspected fraudulent activity. Lastly, all of Texas Tech's institutions have operating policies that include information on reporting suspected fraud.

In addition, Texas Tech University System, Texas Tech University, Texas Tech University Health Sciences Center, Texas Tech University Health Sciences Center El Paso, Angelo State University, and Midwestern State University have links on their main websites at [www.texastech.edu](http://www.texastech.edu), [www.ttu.edu](http://www.ttu.edu), [www.ttuhs.edu](http://www.ttuhs.edu), [www.elpaso.ttuhs.edu](http://www.elpaso.ttuhs.edu), [www.angelo.edu](http://www.angelo.edu), and [www.msutexas.edu](http://www.msutexas.edu) to the State Auditor's Office fraud reporting site. These links meet the reporting requirements for higher education institutions that receive appropriated funds.