



TEXAS TECH UNIVERSITY SYSTEM™



Office of Audit Services

Annual Audit Report

For the Year Ended August 31, 2023

Kimberly F. Turner, CPA

Chief Audit Executive

October 31, 2023

Transmittal Letter

October 31, 2023

Ms. Arcilia Acosta
Chair, Board of Regents Audit Committee
Texas Tech University System

Dear Ms. Acosta:

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, 2023. This report fulfills the requirements set out in the Texas Internal Auditing Act (V.T.C.A., Government Code § 2102.009, Annual Report). It provides information related to our audit plan, a list of completed engagements, a copy of our most recent peer review, a list of external audit services procured, and a list of our other activities.

We believe the work of our office has contributed to the efficient and effective operation of Texas Tech University System by making positive contributions to risk management efforts, control systems, and governance processes. During the year ended August 31, 2023, we issued 77 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 2023

The annual audit plan for Texas Tech University System for the year ended August 31, 2023, which is included in this report, was approved by the Audit Committee of the Board of Regents on August 11, 2022. There were 53 planned engagements included in the annual plan, and 5 engagements were added during the year.

Of the planned engagements, 42 were completed, 12 were in progress at year-end, 1 was carried forward to fiscal year 2024, and 3 were cancelled. The engagement carried forward to the fiscal year 2024 annual plan was the TTU College Business Officer Academy management advisory engagement. The cancelled projects were TTU Controlled Unclassified Information Processes, TTU Energy Related Programs, and TTUHSC Health Related Data Flows and Processes.

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

Texas Tech University System

Foreign Influence Mitigation Program – Fieldwork

Texas Tech University

Intercollegiate Athletics – Draft Issued

College of Arts and Sciences – Review

Whitacre College of Engineering – Draft Issued

Texas Tech University Health Sciences Center

Julia Jones Matthews School of Population and Public Health – Complete

Texas Tech University Health Sciences Center El Paso

PremiSys Application Security and Controls – Complete

Dental Clinic Financial Processes – Complete

Angelo State University

Maxient Application Security and Controls – Draft Issued

NVCOB Commercial Aviation Program – Complete

Midwestern State University

President's Office: Policy Management Implementation Review – Complete

Institutional Reporting Processes – Draft Issued

MSU Foundation, Inc. 2022 Financial Statements – Complete

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

Annual Plan for Fiscal Year 2023

In addition to the planned engagements and other risk-based engagements included above, 11 planned projects and 2 special projects or investigations in progress at September 1, 2022, were completed during the year. Our office began seven 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. Four of these engagements were completed prior to August 31, 2023. The other three are in progress.

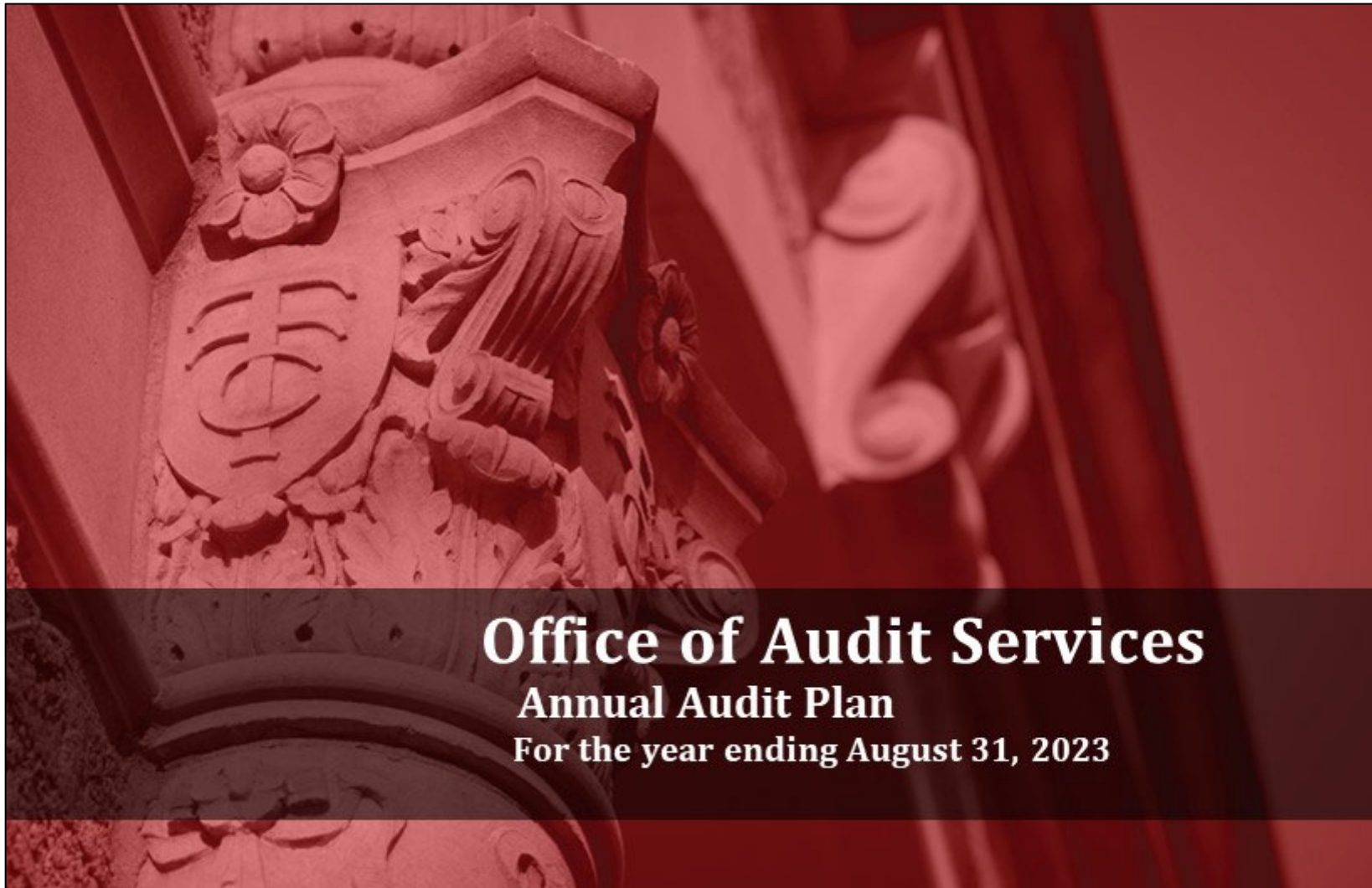
Rider 8, page III-46, the General Appropriations Act (87th Legislature) required higher education institutions to conduct an internal audit of benefits proportional by method of finance for fiscal years 2019 through 2021 using a methodology approved by the State Auditor's Office. Audits satisfying this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

Texas Education Code, Section 51.9337(h), as added by Senate Bill 20 (84th Legislature), requires higher education institutions to annually assess whether the institution has adopted the rules and policies required by this section and submit a report of findings to the state auditor. To comply with this audit requirement, the Office of Audit Services at Texas Tech University System included an audit entitled *Contracting and Procurement Processes* on its fiscal year 2023 annual audit plan. The audit report (#2023004) was issued to management on April 18, 2023, 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 2023 include TTUHSC Correctional Managed Health Care Contract and TTUHSC El Paso Medical Revenue Cycle Contract Monitoring Processes. Certain other audits included individual contracting objectives as a portion of the overall engagement scope, including TTU Blackboard Application Security and Controls and TTU Licensing and Trademark Processes.

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 2023



Annual Plan for Fiscal Year 2023



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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

(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
Risk-Based Engagements			
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
Required Engagements	970	5%	Engagements required by statute, external entities, policies, etc.
Investigations	2,500	12%	Hours reserved for investigations, hotline complaints, and special projects
Other Value-Added Work			
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
	20,200	100%	

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

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

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

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

(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.

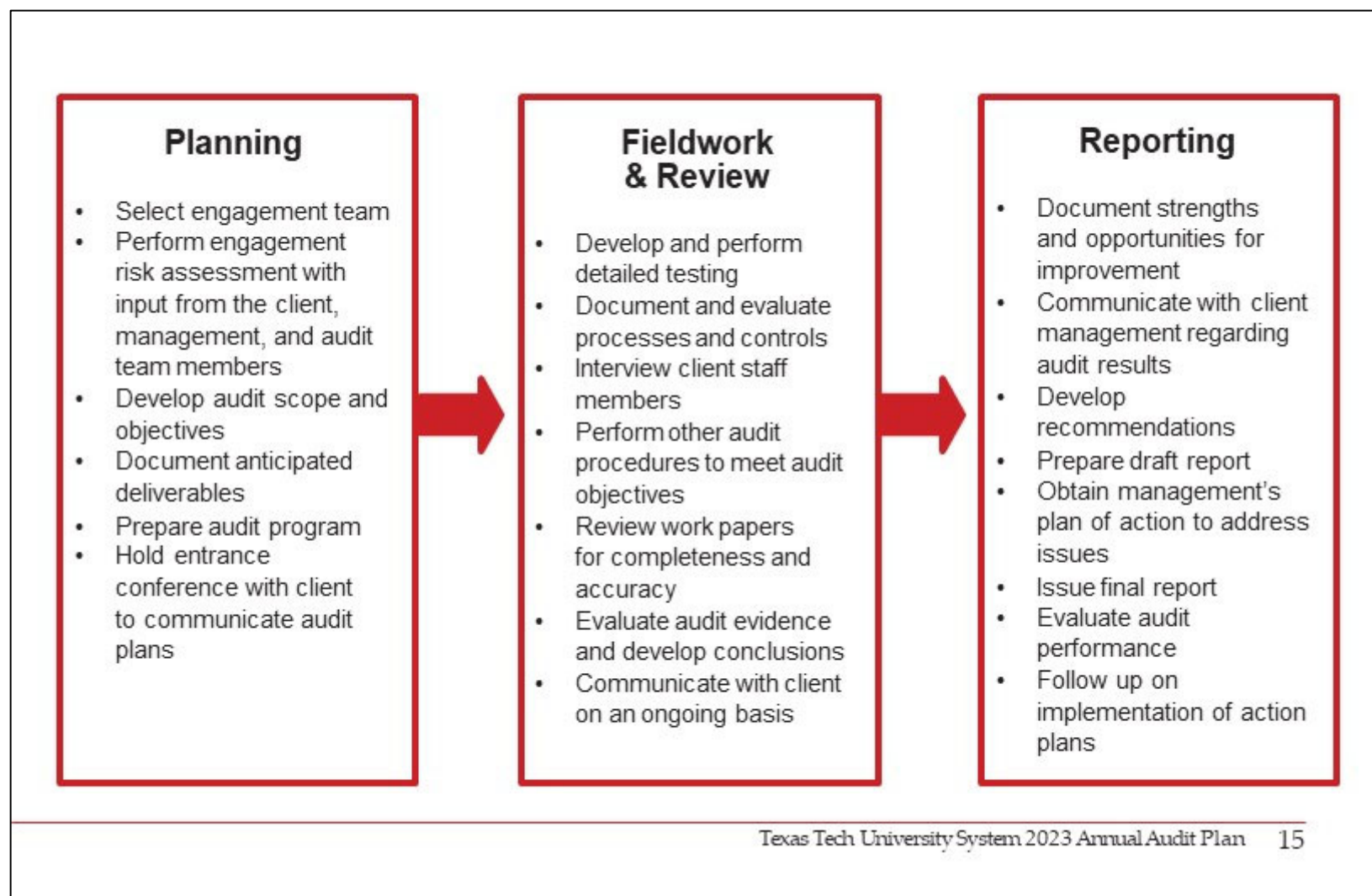
The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017.) pp 54-55

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

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
2022043a	9/21/2022	Underutilized Endowments	<p>The objectives of this audit were to evaluate processes for monitoring and addressing underutilized endowments and to ensure endowment spendable funds have been used in accordance with donor restrictions and spending plans, as applicable. Texas Tech policy defines an endowment as "underutilized" when the spendable funds associated with an endowment are greater than 9% of the endowment corpus (representing two years of income distributions at 4.5%) and greater than \$1,000. The scope of the audit involved selecting TTU, TTUHSC, and TTUHSC El Paso endowments that were underutilized as of January 31, 2021. For endowments that remained underutilized as of January 31, 2022, auditors determined whether there were approved spending plans and if such spending plans complied with donor agreements. For endowments that were no longer underutilized as of January 31, 2022, auditors determined whether expenditures complied with donor agreements.</p> <p>Processes to monitor and address underutilized endowments at TTU, TTUHSC, and TTUHSC El Paso facilitate the resolution of underutilized endowments, though the processes do not fully comply with System Regulation 01.08. Still, testing of endowment expenditures at these component institutions generally found that endowment spendable funds have been used in accordance with donor restrictions and spending plans. Processes at ASU do not ensure excess balances are resolved. Additionally, each of the component institutions has an opportunity to better prevent underutilized endowments and ensure endowment spending is aligned with donor intent by providing training for financial managers responsible for endowments. The report also included additional best practices for monitoring and addressing underutilized endowments for consideration by the component institutions.</p>	<p>Incomplete/ongoing</p> <p>Recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2022043b	9/21/2022	Underutilized Endowments Standards of Practice	The background and institutional conclusions for this audit are described in the report above. In addition, auditors noted issues that would best be addressed by TTUS Advancement Services and issued this separate report. While some component institutions have implemented processes that effectively monitor and address underutilized endowments, auditors identified an opportunity to better align these processes and TTUS System Regulation 01.08, Endowment Fund Expenditure Monitoring – Standards of Practice, and to ensure stakeholders’ roles and responsibilities are optimized and clearly defined.	Incomplete/ongoing TTUS Institutional Advancement has engaged with the TTUS Office of the CFO to help solicit feedback from the component institution CFOs on how best to align System Regulations with the processes and needs of the components.
N/A	10/31/2022	Office of Audit Services 2022 Annual Report	As required by State law and Regents’ Rules, we have prepared the annual report for our office in accordance with guidelines established by the State Auditor’s Office. The report includes the results of activities for fiscal year 2022, the latest external quality assurance review, lists of audit and non-audit engagements completed, external audit services provided to Texas Tech University System and component institutions, and the 2022 and 2023 annual audit plans.	No recommendations to implement.
2023006	2/9/2023	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 2022 expense reimbursements, credit card expenses, and charter flights of the regents, chancellor, and presidents. The auditors noted a few instances where individuals approved travel vouchers after the 30-day period required by policy and one instance where the traveler approved the travel voucher more than 60 days after the date of travel, which made the travel reimbursement taxable to the individual. Additionally, one individual’s non-travel related credit card charges were not approved by the TTUS CFO. The auditors also noted the implementation of a process for the TTUS CFO to review the MSU President’s travel reimbursements during the fiscal year.	As this engagement is performed annually and the external auditor’s findings do not suggest chronic issues with any of the involved individuals, OAS did not perform follow-up procedures on the identified issues.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023005	3/6/2023	Texas Tech Foundation, Inc. 2022 Financial Statements and Independent Auditor's Report	We assisted the independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, in the annual audit of Texas Tech Foundation, Inc., for the year ended August 31, 2022. 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.	No recommendations to implement.
2023004	4/18/2023	Contracting and Procurement Processes	<p>The objectives of this audit were to assess whether TTUS and its component institutions have adopted the rules and policies required by Texas Education Code (TEC) §51.9337; and to evaluate whether MSU has established a contracting training program that facilitates compliance with TEC §51.9337(b)(5).</p> <p>TTUS and its component institutions have adopted the rules and policies required by TEC §51.9337. However, MSU has an opportunity to enhance its contracting training program's compliance with TEC §51.9337(b)(5) by ensuring all required officers and employees complete the training and incorporating all required training content. There are also opportunities to ensure TTUHSC El Paso, ASU, and MSU comply with aspects of the Texas Education Code, the Texas Government Code, Regents' Rules, and TTUS Contract Management Handbook provisions related to the development and/or submission of Purchasing Accountability and Risk Analysis Procedures to the Texas Comptroller of Public Accounts (Comptroller's Office). TTUS and TTUHSC submitted institution-specific Purchasing Accountability and Risk Analysis Procedures to the Comptroller's Office during the course of this engagement. This opportunity had been verbally communicated to management at all component institutions during last year's engagement. Finally, auditors identified that some TTUS component institution websites include prior versions of the TTUS Contract Management Handbook and/or its previous exhibits. Content on the TTUHSC Contracting website and the</p>	<p>Incomplete/ongoing</p> <p>All recommendations have been implemented with the exception of the MSU contracting training program, which is not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			TTUHSC El Paso Contracting Services and Purchasing Services websites was made current during this engagement; however, ASU's Contracting Office website includes the TTUS Contract Management Handbook's previous exhibits.	
2023003	5/24/2023	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 2022 expenditures. This program-specific audit, which was performed by the independent CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, covered 27 grants totaling over \$52 million at TTUHSC, TTUHSC El Paso, and TTU, of which \$7.8 million was expended during fiscal year 2022. The audit concluded that the institutions complied in all material respects with the compliance requirements that could have a direct and material effect on CPRIT awards. In addition, the auditors did not note any deficiencies in internal controls that they consider to be material weaknesses.	No recommendations to implement.
N/A	8/2/2023	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 the prior external peer review report. 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	8/10/2023	Office of Audit Services 2024 Annual Audit Plan	In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we prepared our 2024 annual audit plan based on the results of a formal risk assessment process. Our plan of work incorporates all the institutions of	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>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.</p> <p>The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and 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.</p>	

Audits Completed

Texas Tech University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2022022	9/21/2022	Blackboard Application Security and Controls	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>TTU utilizes Blackboard Learn (Blackboard) as its learning management system, supporting distance education and online learning for undergraduate and graduate programs, Texas Tech University K-12 (TTU K-12), and continuing education programs. Blackboard is also used to supplement in-person curriculum through online assignments, exams, and grade submission. The objectives of this engagement were to evaluate access control processes to ensure access granted to Blackboard is appropriately limited, and to review the Blackboard contract for reasonable provisions specific to controls and the protection of University data.</p> <p>The University has implemented various access controls to secure Blackboard course content and sensitive information, and to preserve segregation of duties. Operational user accounts for faculty, instructors, and students are provisioned based on registration information in the respective student information system and are deprovisioned either through automated processes or manual deprovisioning. Technical controls prevent a student from holding multiple roles in the same course (e.g., as a student and as a Teaching Assistant). Additionally, the Master Service Agreements with Blackboard, Inc. include the University's Data Security Addendum, which sets the requirements for securing and protecting University data.</p> <p>However, auditors identified opportunities to strengthen additional access controls related to the application.</p>	<p>Incomplete/ongoing</p> <p>All recommendations have been implemented except for two related to user access controls. These recommendations are in progress.</p>
N/A	10/20/2022	Red Raider Facilities Foundation, Inc. FY2022 Financial Statements	The independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, audited the financial statements of Red Raider	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Facilities Foundation, Inc., for the year ended August 31, 2022. 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>	
2022033	10/24/2022	Intercollegiate Athletics	<p>Effective July 1, 2021, the State of Texas' (State) Senate Bill 1385 and the National Collegiate Athletic Association's (NCAA) guidance allowed student-athletes to monetarily capitalize on their name, image, and likeness (NIL). The State and NCAA implemented certain NIL restrictions, including pay-for-play, recruiting and attendance inducements, and compensation for work not performed. While Senate Bill 1385 does not address enforcement, NCAA resources indicate violations for improper inducements, pay-for-play, or other effective legislation will be addressed by its enforcement staff according to current enforcement policies and procedures.</p> <p>TTU Intercollegiate Athletics (Athletics) launched its Beyond Verified program to educate and support student-athletes while also managing and monitoring risks associated with NIL. The Beyond Verified team consists of Athletics staff who:</p> <ul style="list-style-type: none"> • implement departmental strategies, stances, and processes based on risks, compliance components, and individual NIL situations; • develop educational materials and provide training and information to student-athletes, Athletics staff, recruits, the general public, high-access boosters, and active NIL entities; and • review and provide feedback for student-athlete NIL disclosures. <p>The objective of this audit was to evaluate Athletics' processes for managing risks and compliance related to name, image, and likeness. Athletics has implemented a robust program for</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			managing and monitoring risks and compliance related to NIL. Auditors identified opportunities to further formalize its policies and procedures and improve monitoring of student-athlete education required by Senate Bill 1385.	
2022044a	11/1/2022	Davis College of Agricultural Sciences & Natural Resources Business Processes	The objective of this audit was to determine if the TTU Department of Animal & Food Sciences' (Department) associations with any outside parties merit the establishment of a formal agreement. Department personnel perform services and receive revenue from various outside parties as well as pay outside parties for goods and services. Department personnel have developed invoice templates and fee sheets for services provided, and agreements are executed between the Department's centers and their clients. Auditors did not identify associations with outside parties that merit the establishment of formal agreements, so there were no recommendations to implement. Additional objectives related to the Equestrian Team and Ranch Horse Team were also part of this engagement (see below).	No recommendations to implement.
2022044b	11/1/2022	Equestrian Team Financial Processes	<p>The TTU Equestrian Team (Team) is a student organization that consists of undergraduate students who represent the University in intercollegiate horse shows across the nation. The Team has approximately 40 members, including elected officers, and a coach. The Team has on-campus accounts within the University's financial system and an off-campus bank account, which is used for most day-to-day financial activities. Most of the Team's finances are handled by the coach. During the course of a hotline report investigation, auditors were informed of questionable activities; thus, the objective of this portion of the audit was to review the Team's financial activities for fraud, waste, and abuse.</p> <p>Auditors concluded that only limited financial controls are in place within Team processes. Although the reviews of the Team's on-campus accounts and off-campus bank account did not reveal conclusive evidence of fraud or misuse of funds,</p>	<p>Incomplete/ongoing</p> <p>The recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>auditors identified unsubstantiated expenses as a result of limited financial controls. Consequently, there are opportunities to strengthen internal controls over financial activities. The Team coach, in consultation with Department of Animal & Food Sciences management, has begun implementation of updates to Team Bylaws, development of policies, and enhancements to financial procedures.</p>	
2022044c	11/1/2022	Ranch Horse Team Financial Processes	<p>The TTU Ranch Horse Team (Team) is a student organization that consists of undergraduate students who represent the University in intercollegiate horse shows across the nation. The Team has approximately 30 members, including elected officers, and a coach. The Team has on-campus accounts within the University's financial system and an off-campus bank account, which is used for most day-to-day financial activities. Most of the Team's finances are handled by the coach. During the course of a hotline report investigation, auditors were informed of questionable activities; thus, the objective of this portion of the audit was to review the Team's financial activities for fraud, waste, and abuse.</p> <p>Auditors concluded that only limited financial controls are in place within Team processes. Although the reviews of the Team's on-campus accounts and off-campus bank account did not reveal conclusive evidence of fraud or misuse of funds, auditors identified unsubstantiated expenses as a result of limited financial controls. Consequently, there are opportunities to strengthen internal controls over financial activities. The Team coach, in consultation with Department of Animal & Food Sciences management, has begun implementation of updates to Team Bylaws, development of policies, and enhancements to financial procedures.</p>	<p>Incomplete/ongoing</p> <p>The recommendations are pending verification by the Office of Audit Services.</p>
2022074	11/4/2022	Study Abroad Competitive Scholarships Special	<p>Conducted at the request of Office of International Affairs (OIA) management, the objective of this special project was to review scholarship awarding processes at TTU; specifically, the scope of our review included Study Abroad Competitive</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Scholarship awarding processes during the 2021-2022 award year. OIA is responsible for awarding Study Abroad Competitive Scholarships, which are funded by a statutorily authorized International Education Fee charged to all undergraduate, graduate, and law students. The fee is variable based upon the number of hours enrolled, up to \$4 per semester. Two different scholarships are currently awarded from International Education Fee funds – the 80/20 Study Abroad Competitive Scholarship and the International Study Abroad Competitive Scholarship. In academic year 2021-2022, a total of \$414,350 in Study Abroad Competitive Scholarships were awarded and disbursed.</p> <p>OIA has developed and documented robust policies and procedures for awarding Study Abroad Competitive Scholarships, and scholarships awarded from the 80% portion of the 80/20 Study Abroad Competitive Scholarship are awarded in compliance with established criteria. However, management agrees and has begun implementation of recommendations to:</p> <ul style="list-style-type: none"> • ensure compliance with state requirements and the Texas Tech University Global Fee Document; • improve scholarship awarding processes to ensure consistency, compliance with scholarship requirements, and efficiency; and • enhance conflict of interest policies and procedures and ensure individuals involved in scholarship awarding processes have completed Family Educational Rights and Privacy Act training. 	
2023008	1/10/2023	Texas Tech Public Media FY2022 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, 2022, and	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			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.	
2023007	1/11/2023	Intercollegiate Athletics FY2022 Agreed-Upon Procedures	FORVIS, LLP, an independent CPA firm, performed agreed-upon procedures at TTU required annually by the NCAA. For the year ended August 31, 2022, the external auditors reviewed revenues and expenses, noting changes from budgeted amounts or from prior years. The engagement performed was not an audit, so no opinion was expressed by the auditors.	No recommendations to implement.
2023009	1/23/2023	NCAA Football Attendance Certification	In order to comply with the requirements established by NCAA Bylaw 20.10.9.3.2 ¹ , our office reviewed attendance at the seven home football games for the 2022 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.
2022020a	2/6/2023	Federal Stimulus Funding	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 expenditures charged to certain federal stimulus grants and subawards align with the respective grants' intended purpose and to evaluate whether TTU awarded Governor's Emergency Education Relief Fund Emergency Educational Grants in accordance with requirements	Implemented

¹ After performance of the engagement, Audit Services learned the NCAA has suspended this requirement for the 2022 season.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>established by the Texas Higher Education Coordinating Board.</p> <p>The audit covered \$61 million of the \$125.8 million awarded under various programs; auditors concluded all except \$152,212 (0.24%) in sampled expenditures align with the respective grants' intended purpose. Additionally, management has implemented processes to monitor Senate Bill 8's fund utilization, including appointing a research administrator whose effort is fully dedicated to its financial management; conducting weekly meetings within Accounting Services to discuss progress and identify and address any administrative barriers; and holding frequent meetings with University stakeholders. However, there is an opportunity to ensure that supporting documentation for information technology purchases charged to Higher Education Emergency Relief Funds substantiates the purchases' allowability on such funds. Finally, Emergency Educational Grant recipients met residency and enrollment requirements, submitted a Free Application for Federal Student Aid (FAFSA) in academic year 2020-2021, and were eligible to receive Title IV federal financial aid, although several recipients received more than the allowable grant amount. Auditors were unable to confirm recipients met one eligibility criterion and one disbursement requirement because the methodology TTU utilized to evaluate the eligibility requirement was not documented and the structure of information in the University's enterprise resource planning system does not facilitate the evaluation of the disbursement requirement.</p>	
2022034	2/7/2023	School of Veterinary Medicine Business Processes	The objectives of this audit were to evaluate the School's internal controls surrounding procurement and cash handling and to ensure the School awards scholarships in accordance with donor restrictions. Overall, the School awards scholarships in accordance with donor restrictions and has implemented several key controls within procurement and cash	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>handling processes. During the course of the engagement, School management documented its procurement policies and deposit procedures. Management agreed with recommendations to further strengthen the control structure by segregating duties, documenting and enhancing internal policies and procedures, and documenting the approval of monthly account reconciliations.</p>	
2023021	2/10/2023	Foreign Specialized Worker, Exchange Visitor, and Invited Guest Processes	<p>Collaboration is an essential component of higher learning, and foreign specialized workers, exchange visitors, and invited guests have made significant contributions to TTU and are a valued part of its community. However, there are increasing cases nationwide of foreign persons inappropriately transferring or “exporting” sensitive information gained through their access to institutions of higher education back to their home countries. United States officials continue to express concern about foreign persons’ access to and illicit appropriation of sensitive information and technology at United States universities, and security agencies such as the Federal Bureau of Investigation are increasing collaboration with institutions of higher education to address security threats and the risk of undue foreign government influence.</p> <p>The objective of this audit was to evaluate TTU’s processes for identifying, vetting, onboarding, and offboarding foreign specialized workers, exchange visitors, and invited guests. Invited guests are persons for whom the University will not sponsor a visa, including someone on a tourist visa or sponsored by another U.S. institution.</p> <p>The University has implemented effective processes to identify individuals that will need visa sponsorship, conduct restricted party screening, and provide information to incoming visa holders the University is sponsoring. These are key processes for ensuring compliance with Federal requirements surrounding foreign workers and invited guests. However,</p>	<p>Incomplete/ongoing</p> <p>The recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>there are opportunities for the University to further mitigate its own foreign influence risks, including clearly conveying required processes to all departments who may potentially host foreign specialized workers, exchange visitors, or invited guests; more fully vetting these individuals; enhancing onboarding processes and obtaining explicit certifications of affiliation and non-disclosure; and establishing a secondary process to verify physical access to campus buildings is removed for foreign specialized workers, exchange visitors, and invited guests that have left the University. Management has responded with action plans that include increased vetting of foreign individuals based on risks specific to each situation; coordinating and improving documentation requirements, communication, and training for host departments and invited guests; and improving onboarding and offboarding processes.</p>	
2023022	6/8/2023	Licensing and Trademark Processes	<p>TTU owns a number of state and federally registered trademarks. The partners and activities associated with trademarks affect reputation and public perception, and a consistent visual identity builds stakeholder connection to the University. Licensing and trademark processes carry a financial impact as well; in fiscal year 2022, the University had over 500 licensees. The audit scope and objective included evaluating the University's current processes and policies related to license and design approval, royalty and license fee distributions, and infringement actions. The scope also included purchase requisitions, royalty payments from CLC (the University's exclusive agent to license the use of its trademarks), internal distributions, and records of employee contract training. The scope of the audit <u>did not</u> include processes and policies surrounding corporate partner establishment and benefits.</p> <p>Overall, the University should clearly assign trademark responsibilities for license agreements, design approvals, and infringement responses. Current responsibilities are split</p>	<p>Incomplete/ongoing</p> <p>The recommendations are not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>primarily between Intercollegiate Athletics and the Office of Communications & Marketing; however, operating policies and procedures do not align with current practices or each other. Additionally, design approval processes are inconsistent, and trademark licensing royalty revenue distributions between University administration and Athletics have not been reviewed in 23 years. There are also opportunities to strengthen license approval and infringement processes. In response, the President engaged a facilitator to lead a one-day retreat for members from Athletics and the Office of the President to address the issues noted. Based on the results of the retreat, the University will develop a comprehensive action plan by September 1.</p>	

Audits Completed

Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	8/23/2022	School of Nursing FY 2021 Non-Compliant Purchase Orders	Auditors utilized data analytics to review fiscal year 2021 purchase orders that were non-compliant with a provision of TTUHSC Operating Policy and Procedure 72.01, <i>Purchasing Supplies, Equipment, and Services</i> , which requires issuance of purchase orders prior to the performance of services or receipt of supplies or equipment. Auditors identified that the TTUHSC School of Nursing (SON) was responsible for 20% of TTUHSC's fiscal year 2021 purchase orders that were non-compliant with the aforementioned provision. Half of the SON's non-compliant purchase orders reviewed were associated with delays establishing preceptors as vendors prior to those individuals performing such duties. Auditors recommended SON modify its processes for gathering preceptor information to facilitate timely vendor set-up; implement internal controls within the preceptor payment process to ensure such payments are for work actually performed; and maintain supporting documentation to substantiate that the amount invoiced by preceptors aligns with the SON's <i>Coach Payment Policy</i> .	No management response was required.
2023011a	1/10/2023	Texas Higher Education Coordinating Board Residency Grants	We performed this audit of the Texas Higher Education Coordinating Board Residency Grants to meet the audit requirements of the grant which are imposed by the Coordinating Board. The objective of the audit was to determine if TTUHSC complied with Coordinating Board guidelines related to the grants. Total fiscal year 2022 expenditures were \$660,687. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC's financial system.	No recommendations to implement.
2022075	1/19/2023	Lubbock Department of Dermatology Cash Special	This audit was conducted following notification from TTUHSC Lubbock Department of Dermatology management of a \$100 cash shortage in its clinic. Although auditors were	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>unable to identify the individual responsible for taking the missing cash because of limited controls surrounding cash, no additional missing funds were identified within deposits reviewed. All arrived appointments resulted in a patient invoice, and patient payments in the payment system agreed with deposit amounts. Although the Department has established certain internal controls surrounding cash handling, including segregation of duties and endorsing check payments, there are opportunities to strengthen the control structure and ensure compliance with TTUHSC operating policies and procedures.</p>	
2023052	1/25/2023	Lubbock Department of Surgery Cash Special	<p>This audit was conducted following notification from the Texas Tech Police Department of a \$71 cash shortage in the TTUHSC Lubbock Department of Surgery. Although auditors were unable to identify the individual responsible for taking the missing cash because of limited controls surrounding cash, no additional missing funds were identified within deposits reviewed. All arrived appointments resulted in a patient invoice, and patient payments in the payment system agreed with deposit amounts. Although the Department has established certain internal controls surrounding cash handling, including segregation of duties, there are opportunities to strengthen the control structure and ensure compliance with TTUHSC operating policies and procedures.</p>	<p>Incomplete/ongoing</p> <p>The recommendations are pending verification by the Office of Audit Services.</p>
2023053	2/15/2023	Lubbock Department of Pediatrics Cash Special	<p>This audit was conducted following notification from TTUHSC Lubbock Department of Pediatrics of a \$450 cash shortage in its clinic. Although auditors were unable to identify the individual responsible for taking the missing cash because of limited controls surrounding cash, no additional missing funds were identified within deposits reviewed. All arrived appointments resulted in a patient invoice, and patient payments in the payment system agreed with deposit amounts. However, there are opportunities to implement stronger controls over cash handling and ensure compliance with TTUHSC operating policies and procedures.</p>	<p>Incomplete/ongoing</p> <p>The recommendations are pending a response from management.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	2/16/2023	School of Medicine Special Cash Reviews	Following the investigations of cash shortages in three TTUHSC Lubbock School of Medicine clinics (see above), we issued this report to the School of Medicine. The report encouraged School of Medicine management to reemphasize to all its departments the importance of following TTUHSC policies around handling patient payments and require training on fraud, controls, and risks. Upon learning clinical department staff are unable to independently pull reports to ensure all patient payments received are included within deposits, auditors began working with the Medical Practice Income Plan Business Office and Information Application Services to identify a solution, which will be communicated to the School of Medicine upon completion.	No recommendations to implement.
2023035	4/21/2023	Social Media Processes	<p>The TTUHSC Office of Communications and Marketing provides oversight to the overall social media presence of TTUHSC. Communications and Marketing manages the primary social media accounts for TTUHSC, each regional campus, Texas Tech Physicians, the School of Medicine, and the School of Nursing. Departments, schools, and student organizations within TTUHSC are required by institutional policy to receive approval to create and manage independent social media accounts. Communications and Marketing is continually developing a strategic approach to social media governance, but enforcement of policy in a decentralized environment is a challenge.</p> <p>The objectives of this engagement were to:</p> <ul style="list-style-type: none"> ▪ benchmark TTUHSC’s social media policies and guidelines with other institutions to identify best practices for social media controls and policy enforcement; ▪ evaluate department and student group awareness of social media guidelines and identify additional departmental social media controls that exist beyond institutional controls; and 	<p>Incomplete/ongoing</p> <p>One recommendation regarding access management is pending an update from management, and the other recommendation related to departmental social media processes is not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<ul style="list-style-type: none"> ▪ identify social media accounts associated with TTUHSC on various platforms and determine if the identified accounts have been authorized and/or are necessary. <p>As part of the objectives, we also evaluated TTUHSC’s plans to discontinue the use of TikTok, pursuant to the statewide directive issued by Governor Greg Abbott on December 7, 2022, banning the use of TikTok on government-issued devices.</p> <p>TTUHSC has implemented a policy governing the use of social media across the institution, which is a leading practice among its peers in higher education and academic health centers. TTUHSC’s policy and supplemental guidelines for social media accounts provide clear expectations for creating and managing independent social media accounts. However, auditors identified departments and student groups within TTUHSC who operate independent social media accounts that are not in compliance with this operating policy and have established minimal controls over the management of social media accounts. Communications and Marketing management has opportunities to raise awareness of the institutional policy, partner with institutional management to help enforce compliance with the existing policy, and collaborate with departments and student groups utilizing social media.</p>	
2023058	6/1/2023	Office of Graduate Medical Education Leave Reporting	The objective of this audit – performed after auditors received a report related to potential absenteeism – was to review the Graduate Medical Education Managing Director’s leave reporting activities. Auditors identified a significant amount of potential unreported sick and vacation leave, and the Director’s subordinate approves his leave reports, which is not an appropriate practice. Unreported leave is theft of time and violates state law and institutional policies.	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Management agreed with recommendations to document and communicate the Director’s flexible work arrangement, improve accountability for the approval of leave, and reduce the Director’s leave balances by 40 vacation hours and 80 sick leave hours.</p>	
2023024	6/15/2023	Texas Child Mental Health Care Consortium Funding	<p>The Texas Child Mental Health Care Consortium (Consortium) was created by the 86th Texas Legislature to leverage the expertise and capacity of health-related institutions of higher education to address urgent mental health challenges and improve the mental health care system for children and adolescents. In 2021, the Texas Legislature approved federal funding from the American Rescue Plan Act (ARPA) for expanded services of Consortium initiatives. The TTUHSC Department of Psychiatry administers Consortium funds and program initiatives. Texas public schools enroll in these programs and partner with Psychiatry to provide mental health services to their students. State funding budgets are approved each biennium and unexpended funds are returned. ARPA funding must be expended by August 31, 2023; however, TTUHSC and other health-related institutions with similar awards are requesting an extension.</p> <p>The audit objective was to determine if financial expenditures and reporting comply with Consortium funding requirements. The scope of our review included state and federal funds distributed through the Consortium and related processes and reporting for fiscal years 2020 through January 26, 2023.</p> <p>Overall, Psychiatry has implemented processes to monitor fund allocation usage, and utilization of Consortium funds supports the documented initiatives. Still, management agreed with recommendations to strengthen internal controls surrounding travel, inventory, and report submission.</p>	<p>Incomplete/ongoing</p> <p>The report submission recommendation is pending verification by the Office of Audit Services, and the financial controls recommendation is not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023045	6/30/2023	Permian Basin Campus Departments	The objective of this audit was to determine if the TTUHSC School of Medicine’s clinical departments in the Permian Basin have implemented internal controls to ensure initial patient eligibility is captured and results in accurate patient payments. While the clinical departments have implemented some controls to verify initial patient eligibility and ensure accurate payment collection, auditors identified policy non-compliance and process issues that can result in inaccurate patient payments and an increased number of patient refunds. Management agreed with the recommendations related to contracted payor rate verification, patient eligibility procedures, good faith estimates, self-pay collections, and fee schedules for non-insured services.	Incomplete/ongoing The recommendations are pending verification by the Office of Audit Services.
2023010	7/19/2023	Correctional Managed Health Care Contract	The objective of this audit was to determine if Mental Health Clinician merit and market-based salary increases complied with TTUHSC policies and directives. Auditors concluded Mental Health Clinician merit and market-based salary increases complied with TTUHSC policies and directives. Additionally, the salary increases did not reach the threshold that would trigger reporting to the Texas Department of Criminal Justice under its contract with TTUHSC.	No recommendations to implement.

Audits Completed

Texas Tech University Health Sciences Center El Paso

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2022002m	12/27/2022	Student Financial Assistance Cluster Program – FY 2022	<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 2022. 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, 2022 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, 2022. 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, 2022, in accordance with accounting principles generally accepted in the United States of America.</p>	No recommendations to implement.
2023012	1/6/2023	Financial Statement Review for FY 2022	<p>We have received the review report from Belt Harris, which performed a review of TTUHSC El Paso’s financial statements for the year ended August 31, 2022. This review was required by SACSCOC in conjunction with TTUHSC El Paso’s pursuit of reaffirmation of its institutional accreditation.</p> <p>A review of financial statements as defined by the American Institute of CPAs is substantially less in scope than an audit and includes primarily applying analytical procedures to management’s financial statements and making inquiries of management. The scope of a review is not sufficient for a CPA firm to express an opinion on the financial statements, and no opinion was expressed. Belt Harris stated that based on their review, they are not aware of any material modifications that</p>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America.	
2023011b	1/10/2023	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 2022 expenditures were \$114,837. All reviewed program expenditures comply with Coordinating Board guidelines; however, the amounts reported in the annual financial report differed from the amounts in TTUHSC El Paso's financial system by \$289. In preparing the annual financial report, TTUHSC El Paso identified additional allowable expenditures incurred in fiscal year 2022; however, as fiscal year 2022 was closed, these transactions were posted to the grant fund in fiscal year 2023.	No recommendations to implement.
2023025a	1/23/2023	Training and Educational Center for Healthcare Simulation (TECHS)	The objectives of this engagement were to review TECHS's employee leave, remote work, and expenditure processes during fiscal year 2022. Overall, TECHS has implemented certain controls over employee leave, remote work, and expenditure processes. Remote work activities are conducted in compliance with System regulations. Additionally, sampled expenditures had a business need, were posted to the appropriate fund, and did not show signs of fraud, waste, or abuse. However, auditors identified opportunities for improvement related to leave process consistency, leave reporting accuracy, leave request and approval documentation, monthly leave reporting review and approval, and departmental policies and procedures.	Incomplete/ongoing The recommendations are pending verification by the Office of Audit Services.
2023025b	1/23/2023	Dual Appointment Leave Reporting Processes	During the TECHS audit (see above), we noted an issue that would best be addressed jointly by the Office of Academic Affairs and the Department of Emergency Medicine. Monthly	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>leave reports submitted by the TECHS Executive Director, who has a dual appointment in the Office of Academic Affairs and Department of Emergency Medicine, are being reviewed. However, auditors identified an opportunity for collaboration between the two departments to develop a process to ensure the monthly leave reports are appropriately reviewed for accuracy.</p>	
2023062	6/5/2023	<p>Department of Emergency Medicine Faculty Clinical Service Hours</p>	<p>The objective of this audit, performed at management's request, was to determine whether a TTUHSC El Paso Department of Emergency Medicine faculty member fulfilled his required clinical service hours. Auditors concluded the Department faculty member fulfilled his required clinical service hours, plus some excess hours that are eligible for payout or later usage. In addition, auditors identified discrepancies in the faculty member's required clinical service hours and the duties and responsibilities outlined in the memo requesting to reduce the faculty member's full-time equivalent (FTE) percentage from 100% to 75%. Department management acknowledged the faculty member is not at fault and accepts responsibility for this unintentional error. Department management has contacted Human Resources to correct the error and establish updated processes.</p>	<p>Incomplete/ongoing</p> <p>The recommendations are pending verification by the Office of Audit Services.</p>
2023037	6/30/2023	Institutional Reporting Processes	<p>TTUHSC El Paso Office of Institutional Research and Effectiveness (OIRE) is responsible for reporting institutional statistics to institutional management and stakeholders, governmental authorities, and other third parties. Postsecondary institutions that participate in federal student assistance programs are required to report information to the National Center for Education Statistics through the Integrated Postsecondary Education System (IPEDS). Since information in IPEDS can impact federal funding, external rankings, and institutional reputation, accurate reporting is critical.</p> <p>Overall, the data queries utilized to identify information for inclusion in IPEDS surveys reasonably aligned with reporting</p>	<p>Incomplete/ongoing</p> <p>Two recommendations related to the Human Resources Survey and the Finance Survey are not yet due. The last recommendation related to student enrollment is pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>guidelines, and information reported generally agreed with supporting documentation. Additionally, IPEDS surveys prepared by OIRE personnel are reviewed by departmental management prior to submission. Still, OIRE has opportunities to ensure the data query and processes utilized for completing the IPEDS Human Resources Survey fully align with reporting guidelines; improve accuracy of the full-time equivalency enrollment estimate calculation; and perform high-level validation procedures on IPEDS surveys prepared by other departments.</p>	
2023047	7/7/2023	Post-Award Grant Administration Processes	<p>The audit objective was to determine whether TTUHSC El Paso has implemented effective controls over key areas of the post-award grant administration processes, which are decentralized to various areas including Contracts and Grants Accounting, Office of Sponsored Programs, the Research Compliance Unit, Principal Investigators, and certain departmental staff. TTUHSC El Paso has implemented a variety of internal controls over key areas of post-award grant administration processes. However, there are opportunities to increase awareness of subrecipient monitoring requirements, improve timeliness of effort reporting, and document grant billing procedures.</p>	<p>Incomplete/ongoing</p> <p>The two recommendations related to subrecipient monitoring and effort reporting are pending verification by the Office of Audit Services. The last recommendation related to grant billing procedures is not yet due.</p>
2023048a	7/7/2023	Medical Revenue Cycle Contract Monitoring Processes	<p>In 2020, TTUHSC El Paso began outsourcing various medical revenue cycle services including medical coding, demographic entry, charge entry services, patient registration, demographic updates, and accounts receivable services to two vendors – Ceequence Americas, LLC, and Legacy US Health Resources, LLC. The audit objective was to determine if monitoring processes for revenue cycle service contracts have been implemented to ensure the security of electronic protected health information (ePHI) provided to and/or received from the vendors, accuracy of vendor invoices, and quality of work performed by vendors during fiscal year 2023.</p>	<p>Incomplete/ongoing</p> <p>The recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Certain monitoring processes over the Ceequence and Legacy contracts have been implemented, including the use of institutional shared drives to share ePHI in a secure manner and routine meetings with the vendors to discuss issues and address questions. Sample testing of invoices indicated Legacy billed TTUHSC El Paso properly. However, Ceequence did not bill TTUHSC El Paso in accordance with the pricing schedule included in the executed contract, resulting in material overpayments (10% of the tested invoice total). Given that Ceequence has billed TTUHSC El Paso for approximately \$2.4 million since inception of the contract in January 2020, the overcharge amount for the entire contract period could be significant.</p> <p>Management was monitoring the invoice pricing; however, they were not using the executed pricing schedule and therefore did not identify the overbilling. Vague wording in the original fee schedule complicates utilization of the proration formula. Management agreed with and has begun to implement recommendations related to pricing schedules and vendor invoices, shared drive access reviews, quality of work reviews, and policies and procedures.</p>	
2023048b	7/27/2023	Request for Proposal and Contract Review Processes	During performance of the audit above, auditors identified issues related to request for proposal (RFP) and contract review processes. Management agreed with recommendations for Purchasing Services and the Contracting Office to improve the effectiveness of those processes by ensuring pricing schedules are effectively reviewed and contract drafts and executed contracts are complete and contain copies of all referenced schedules.	<p>Incomplete/ongoing</p> <p>The recommendations are pending verification by the Office of Audit Services.</p>

Audits Completed

Angelo State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2022020d	9/9/2022	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 ASU's expenditures charged to certain federal stimulus grants and one subaward align with the respective grants' intended purpose and to evaluate whether lost revenue charged to these funds is calculated and documented in accordance with guidance issued by the U.S. Department of Education.</p> <p>Overall, the vast majority of expenditures charged to federal stimulus grants and the subaward align with the respective grants' intended purpose. In addition, lost revenue charged to federal funds was calculated and documented in accordance with guidance issued by the U.S. Department of Education. However, two unallowable expenditures totaling \$13,739 were identified and have been refunded. Additionally, there are opportunities to ensure that lost revenue charged to federal Higher Education Emergency Relief (HEERF) funds is accurately and consistently categorized in required reports and supporting documentation for information technology purchases charged to HEERF funds substantiates the purchases' allowability on such funds.</p>	Implemented
2022002k	10/19/2022	Student Financial Assistance Cluster Program – FY2022	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 ASU for fiscal year 2022. The objectives of the engagement were to audit ASU'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, 2022	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>and the related notes (collectively, the financial statement). Belt Harris’s opinion stated that ASU 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, 2022. Belt Harris further opined that ASU’s financial statement presents fairly, in all material respects, the expenditures of federal awards for Title IV for the year ended August 31, 2022, in accordance with accounting principles generally accepted in the United States of America.</p> <p>During performance of the audit, Belt Harris noted one area where improvements in internal control are warranted, although it did not rise to the level of a material weakness. This situation, along with Belt Harris’s recommendation for improvement, was 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>	
2022039a	11/4/2022	Research Safety and Related Governance	<p>The objectives of this engagement were to evaluate ASU’s research safety activities specific to laboratory activities; evaluate controls for procuring and tracking chemicals; and evaluate the policies and procedures of the University’s research compliance committees.</p> <p>The University is building a culture of safety around research and scientific laboratory activities. The foundation of the University’s culture of safety begins in operating policies and procedures, the underlying chemical and biological safety plans, and additional publications that provide guidance on safe practices, emergency response, and reporting of safety incidents. The Office of Environmental Health, Safety, and Risk Management has also developed a variety of training courses, including laboratory and chemical safety, biological safety, and field research safety. While certain foundational</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>policies and procedures are in place, there are opportunities to strengthen the chemical inventory processes, laboratory inspections and correction of critical deficiencies, safety training compliance, and research committees' expectations and responsibilities. Finally, auditors communicated additional risks to senior management related to accountability, policies that may not fully support the growth of research, expired chemicals on campus, the frequency of training requirements, and the research infrastructure. Auditors did not make recommendations related to these risks.</p>	
2022039b	11/4/2022	Procurement of Chemicals, Gases, and Other Hazardous Substances	<p>During the Research Safety audit (see above), auditors identified certain issues that are better addressed by the Office of Contracts and Materials Management. Specifically, the University has not implemented effective controls for the procurement of chemicals, gases, and other hazardous substances for research and laboratory use. Faculty can purchase chemicals – including extremely hazardous chemicals as defined by the Environmental Protection Agency – with no oversight from the Office of Environmental Health, Safety, and Risk Management (EHSRM) or the University's designated Chemical Hygiene Officer. Management plans to revise procurement card guidelines to prohibit such purchases and update requisition approval queues to include the Director of EHSRM and the Chemical Hygiene Officer for such purchases.</p>	Implemented
2023014	1/13/2023	Athletics FY 2022 NCAA Agreed-Upon Procedures	<p>FORVIS, LLP, an independent CPA firm, performed agreed-upon procedures at ASU required every three years by the NCAA. For the year ended August 31, 2022, the external auditors reviewed revenues and expenses, noting changes from budgeted amounts or from prior years. The engagement performed was not an audit, so no opinion was expressed by the auditors.</p>	No recommendations to implement.
2022002n	1/20/2023	Perkins Loan Liquidation Agreed-Upon Procedures	<p>The CPA firm of Belt Harris Pechacek, LLLP (Belt Harris) performed an agreed-upon procedures engagement to</p>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>determine whether ASU administered and liquidated the Title IV federal Perkins student loan program in accordance with the U.S. Department of Education’s Federal Perkins Loan Program Assignment and Liquidation Guide. An agreed-upon procedures engagement is lesser in scope than an audit and involves the CPA firm validating specified information. There is no audit opinion; rather, the report states the results of each procedure. Belt Harris noted no exceptions or inaccuracies in performance of the procedures.</p>	
2023013	2/10/2023	Financial Statement Review for FY 2022	<p>We have received the review report from the CPA firm of Belt Harris Pechacek, LLLP (Belt Harris), which performed a review of ASU’s financial statements for the year ended August 31, 2022. This review was required by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), the body from which ASU seeks reaffirmation of its institutional accreditation.</p> <p>A review of financial statements as defined by the American Institute of CPAs is substantially less in scope than an audit and includes primarily applying analytical procedures to management’s financial statements and making inquiries of management. The scope of a review is not sufficient for a CPA firm to express an opinion on the financial statements, and no opinion was expressed. Belt Harris stated that based on their review, they are not aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America.</p>	No recommendations to implement.
2023015	2/14/2023	ASU Carr Foundation 2022 Financial Statements	<p>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, 2022. 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</p>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			other deficiencies during the audit, and therefore did not issue a management letter.	
2023016	2/27/2023	ASU Foundation, Inc. 2022 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, 2022. 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.
2023060	5/25/2023	Foreign National Hiring and Onboarding Processes	<p>The audit objective was to evaluate ASU's preparedness for identifying, vetting, hiring, and onboarding foreign national faculty. The engagement focused on foreign specialized workers (foreign nationals) with University-sponsored H-1B visas, which is the primary visa category required to join University faculty.</p> <p>The University has operating policies and procedures for hiring and onboarding faculty, including foreign nationals. However, most policies and procedures do not yet reflect the growing risk, trends, and unique practices necessary to mitigate foreign influence risks. University management agreed with recommendations to strengthen procedures for identifying, vetting, and onboarding foreign national faculty; enhance procedures and training specific to export control; identify additional personnel to assist with visa and immigration services; and update internal procedure documents.</p>	<p>Incomplete/ongoing</p> <p>The recommendations' dues dates have been revised and are not yet due.</p>
2023050a	6/16/2023	Scholarship Selection and Awarding Processes	The audit objectives were to evaluate internal controls around ASU's scholarship processes. The Office of Financial Aid and Scholarships (Scholarship Office) has established internal controls to generally ensure scholarships are awarded in compliance with donor-established criteria and University guidelines. Additionally, the Scholarship Office has	<p>Incomplete/ongoing</p> <p>The recommendations are not yet due with the exception of one recommendation related to the Scholarship Office's</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>established processes for budgeting and monitoring scholarship fund accounts. Scholarship awards generally comply with the expected criteria, and auditors did not identify instances of potentially fraudulent awards. Still, the Scholarship Office has opportunities to further strengthen internal controls, update applicable policies and procedures, and enhance the use of technology.</p>	<p>standard operating procedures that is pending verification by the Office of Audit Services.</p>
2023050b	6/16/2023	Endowment Database Accuracy	<p>During performance of the Scholarship Selection and Awarding Processes audit (see above), auditors identified an issue best addressed by the Office of Development and Alumni Services (Development Office). The Development Office's endowment database, which is also used by the Scholarship Office, contains inaccuracies specific to donor criteria and other qualifications for awarding donor-funded scholarships. Management agreed with a recommendation to ensure the accuracy of donor criteria included in the endowment database and has developed plans and a timeline for a three-year rolling verification.</p>	<p>Incomplete/ongoing This recommendation's due date was revised and is not yet due.</p>
2023027	7/31/2023	Institutional Reporting Processes	<p>The ASU Office of Accountability is responsible for reporting statistical information to University management and stakeholders, governmental authorities, and other third parties. While some external rankings agencies inform their rankings processes by utilizing unique surveys, many also rely on information reported in two pre-existing and publicly available information sources: institutions' Common Data Set (CDS) and the National Center for Education Statistics' Integrated Postsecondary Education System (IPEDS). Additionally, ASU provides responses to The Princeton Review's Best Colleges survey, which University management identified as the most impactful third-party ranking survey. Since the information reported in these information sources can impact external rankings, federal funding, and the University's reputation, accurate reporting is critical.</p>	<p>Incomplete/ongoing The recommendation related to a governance policy has been implemented. The other recommendation related to governance processes is not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Overall, ASU's external survey governance processes are ineffective, resulting in numerous inconsistencies between data submitted on external surveys and a lack of detailed supporting documentation, detailed review processes, and policy guidance. Additionally, a lack of detailed supporting documentation prevented auditors from validating CDS and IPEDS data or ensuring data classification aligned with applicable reporting requirements. Management agreed with recommendations to develop strong external survey governance policies and processes related to responsible parties, retention of information, and information validation.</p>	

Audits Completed

Midwestern State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	8/17/2022	MSU Foundation, Inc. FY 2021 Financial Statements	The independent audit firm of Hupp, Bauer, Hanson & Lewis performed the annual audit of Midwestern 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.
2022030	9/22/2022	President's Office Processes and Controls	<p>MSU has experienced a change in leadership and support staff within the President's Office over the last year. Given this change in personnel, the objectives of this audit were to determine if the President's Office's internal controls structure, specifically surrounding procurement, travel, contracting, and scholarship awards, is effective and provides reasonable assurance as to compliance with governing regulations and appropriate use of institutional funds.</p> <p>The President's Office has established processes surrounding its financial operations and scholarship funding; however, there are opportunities to establish and strengthen internal controls surrounding contract management, travel authorization requests and reimbursements, procurement processes, procurement card use, and the monthly account reconciliation process.</p>	Implemented
2023018	10/11/2022	Multihazard Emergency Management Plan Safety and Security Audit	The objective of this engagement, required by the Texas Education Code (TEC), was to verify that MSU is in compliance with TEC Section 51.217, "Multihazard Emergency Operations Plan; Safety and Security Audit." MSU has established processes and procedures to protect the safety of individuals and to ensure the institution is generally in compliance with TEC Section 51.217. MSU has developed an	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>emergency management plan that provides for mitigation, preparedness, response, and recovery in the event of an emergency. The plan was reviewed in accordance with institutional policies and state guidelines. A mandatory drill was completed at the University to prepare for responding to an emergency. However, improvements can be made to strengthen the application of these processes to ensure personnel are adequately trained and prepared to respond in emergency situations.</p>	
20220021	11/9/2022	Student Financial Assistance Cluster Program – FY 2022	<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 MSU for fiscal year 2022. The objectives of the engagement were to audit MSU’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, 2022 and the related notes (collectively, the financial statement). Belt Harris’s opinion stated that MSU 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, 2022. Belt Harris further opined that MSU’s financial statement presents fairly, in all material respects, the expenditures of federal awards for Title IV for the year ended August 31, 2022, in accordance with accounting principles generally accepted in the United States of America.</p>	No recommendations to implement.
2023017	1/17/2023	Financial Statement Review for FY 2022	<p>We have received the review report from Belt Harris, which performed a review of MSU’s financial statements for the year ended August 31, 2022. This review was required by SACSCOC in conjunction with MSU’s pursuit of reaffirmation of its institutional accreditation.</p> <p>A review of financial statements as defined by the American Institute of CPAs is substantially less in scope than an audit and includes primarily applying analytical procedures to</p>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>management’s financial statements and making inquiries of management. The scope of a review is not sufficient for a CPA firm to express an opinion on the financial statements, and no opinion was expressed. Belt Harris stated that based on their review, they are not aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America.</p>	
2023030a	4/20/2023	Information Technology General Controls Review	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The audit objectives were to evaluate the information technology (IT) governance processes that enable the IT Department to support MSU’s strategic initiatives and provide services to the campus; and to evaluate select technical controls and processes for effectiveness and reasonable assurance that information resources are secured and managed. This report addresses the second objective.</p> <p>MSU’s IT Department is a relatively small team responsible for managing the University’s network, data center, enterprise-wide applications, and faculty and staff computers. In carrying out many of these responsibilities, the IT Department employs multiple extremely manual processes, which introduce additional risk for human error. However, auditors found no material issues with the server patch management processes and privileged account management processes. Additionally, auditors found that the University’s new data center is well-designed with physical and environmental controls fully implemented to secure University information resources. While no material issues were identified, management has opportunities to improve the documentation of server vulnerability exceptions and the monitoring of vendor access.</p>	<p>Incomplete/ongoing</p> <p>The recommendations are pending an update from management.</p>
2023030b	4/20/2023	Information Technology Governance	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p>	<p>Incomplete/ongoing</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>The audit objectives were to evaluate the information technology (IT) governance processes that enable the IT Department to support MSU’s strategic initiatives and provide services to the campus; and to evaluate select technical controls and processes for effectiveness and reasonable assurance that information resources are secured and managed. This report addresses the first objective.</p> <p>MSU lacks a formalized information technology governance structure to enable the IT Department to successfully support University strategic initiatives. When compared to peer institutions, the University’s investment in information technology is below average and limits the IT Department’s ability to minimize manual processes, streamline and automate activities, and create efficiencies. Further, the current governance structure does not provide IT Department management the necessary level of insight into the University’s strategic goals, projects, and initiatives. IT Department management does their best to reprioritize as they learn of new projects and initiatives where their assistance is needed; however, a more proactive approach to engagement and communication between University leadership and IT Department management would assist the IT Department in balancing its limited resources and personnel bandwidth with the strategic initiatives and needs of the University.</p>	<p>These recommendations are not yet due.</p>
2023040	5/30/2023	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 expenditures charged to Higher Education Emergency Relief Fund (HEERF) II and III federal stimulus grants align with each grant’s intended purpose.</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Overall, the vast majority of expenditures MSU charged to HEERF II (after October 1, 2021) and HEERF III federal stimulus grants align with the respective grants' intended purpose, and the revenue sources for which lost revenue was claimed align with guidance issued by the U.S. Department of Education. However, auditors identified total expenditures of \$6,857 charged to HEERF II and III funding that are unallowable as they are related to services to be provided after the HEERF grants' period of performance. Management agreed and transferred the expenditures to a local funding source.</p>	

Consulting Engagements Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2022051	11/4/2022	Wichita Falls Museum of Art at Midwestern State University	<p>The objectives for this engagement, which was requested by management, were to compare and contrast the American Alliance of Museums' (AAM) Core Standards and university accounting principles for the acquisition and reporting of art, and the disposal and use of funds realized from the sale of deaccessioned art; and to compare MSU's and the Museum's art acquisition and disposal policies to those of other universities with AAM accredited museums.</p> <p>While MSU and Wichita Falls Museum of Art (WFMA) policies are similar to the other university policies used for comparison and the WFMA policies contain the AAM core elements, the AAM accreditation standards do not align with university accounting principles for reporting and valuing acquisitions of art. Auditors identified opportunities to strengthen MSU's statement of support of the WFMA; align MSU policies with AAM standards for disposal of art and the restrictions on the use of sale proceeds; and formalize the WFMA's Collections Management Policy and Code of Ethics.</p>	<p>Incomplete/ongoing</p> <p>These recommendations are not yet due.</p>
2023041	1/31/2023	MSU London Study Abroad Program Cash Controls	<p>The objectives of this engagement, which was requested by the MSU Global Education Office Director, were to perform a comparison of MSU London Study Abroad Program's current cash handling and expense payment processes to study abroad programs at five universities with similarly sized study abroad programs and to review applicable MSU policies for program compliance.</p> <p>The current governance structure vests responsibility for all aspects of the Program with the Global Education Office Director, resulting in compromised segregation of duties. Additional control weaknesses in cash handling processes were also identified, as well as a lack of operating policies and procedures governing the study abroad programs. There are</p>	<p>Incomplete/ongoing</p> <p>Three of the recommendations have been implemented. One recommendation related to program expenses is pending verification by the Office of Audit Services, and one recommendation related to development of Program leaders is not yet due.</p>

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>opportunities to improve governance of the Program, strengthen internal controls for cash handling, and train others to lead programs. Additionally, several best practices were identified within peer institutions' study abroad programs, including paying program expenses prior to departure, documenting study abroad program policies and procedures, using study abroad program providers, and limiting the amount of program funds in custody of the program leaders. Management has begun implementation and plans to use the same processes in establishing its new program in Berlin, Germany.</p>	
2022035	2/6/2023	TTUHSC School of Health Professions Business Processes	<p>The objective of this management advisory engagement was to assist in developing business processes for the newly established Your Life Behavioral Health and Wellness Clinic (Clinic) within the TTUHSC School of Health Professions (School). To accomplish the objective, auditors gained an understanding of business processes to be implemented at the Clinic through a review of existing business processes, related policies and procedures, and discussions with School and Clinic personnel. Auditors also reviewed draft policies and procedures over Payment Collection and Management and Patient Information Management for completeness and internal controls.</p>	<p>No management response was required for this advisory engagement.</p>
2023028	4/11/2023	ASU Faculty Load and Compensation Processes	<p>The objectives of this management advisory engagement were to evaluate the underlying processes and procedures for compensating academic workloads that exceed requirements established in ASU's operating policy and faculty contracts; and to evaluate the processes for capturing workload and compensation data in the Banner Enterprise Suite, the University's official system of record.</p> <p>The University's administrative procedures and processes related to additional compensation for faculty specific to overload pay, summer or winter semester salaries, and one-time payments are inefficient and include multiple</p>	<p>Incomplete/ongoing</p> <p>These recommendations are not yet due.</p>

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>opportunities for data entry errors and manipulation. While the administrative procedures and processes are extremely manual, management approvals, which are a key control activity, are in place. Other key control activities were also identified within the Registrar's Office and Payroll Services. However, the University lacks a structured policy for the consolidation and merging of course sections within Blackboard, the University's learning management system. The University also has opportunities to strengthen controls and streamline processes by utilizing the electronic Personnel Action Form (ePAF) application to process overload and additional compensation requests, developing Cognos reports to aid in data extraction and reconciliation, and increasing approvals and notification for changes in courses and faculty assignments.</p>	
2023038	4/11/2023	ASU Faculty Onboarding Processes	<p>During the fiscal year 2023 annual risk assessment, risks were identified specific to onboarding processes for new faculty, adjuncts, and instructors at ASU. Initial discussions with management were held to determine where inefficiencies may exist and to identify opportunities to streamline processes and utilize available technology. Auditors then documented current processes, confirming that the majority of the underlying processes for hiring and onboarding new faculty are manual, requiring significant amounts of data entry, and do not utilize available technology. Following the engagement risk assessment, auditors determined that no other work was needed in order to report on the noted inefficiencies, data integrity risks, and use of technology.</p> <p>The University's administrative procedures and processes related to hiring and onboarding faculty are extremely manual, inefficient, and include multiple opportunities for data entry errors and delays in processing. While the administrative procedures and processes are manual, management approvals, which are a key control activity, are in place. The University has opportunities to strengthen controls and streamline</p>	<p>Incomplete/ongoing</p> <p>The recommendations related to digital signatures and ePAF templates and approval workflows have been implemented. The recommendation related to standardized and centralized data entry is not yet due.</p>

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>processes by utilizing the electronic Personnel Action Form (ePAF) application to process faculty personnel transactions, transitioning to digital signatures and electronic routing of Contract Offer Recommendation forms and official offer letters, and centralizing the data entry point for faculty personnel data.</p>	
2023023	4/19/2023	TTUHSC Data Governance Framework	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>The TTUHSC Office of the Provost has expressed a desire to develop data strategy and accountability at the institutional level in order to capture data associated with key performance indicators and eventually facilitate data-driven decision making. As such, the objectives of this advisory engagement were to:</p> <ul style="list-style-type: none"> ▪ provide information on each school’s reporting processes as well as their definition for key performance indicator data points related to marketing and student head count, and ▪ provide suggested steps to aid management in the development of a data governance framework at the institution, including suggestions related to policies, data oversight, and data structure. <p>Auditors collected information about each school’s processes for pulling data related to select student head count and marketing-related key performance indicators. All schools who are pulling student head count information obtain it from Cognos reports; however, a variety of Cognos reports include this information and the logic to pull each report may not be consistent, resulting in data variances. Additionally, all schools are in the early stages of developing a program to perform marketing analyses to track a potential student from interest to matriculation, which has not been previously analyzed. Detailed information obtained from schools was provided to the Office of the Provost to aid in their understanding of</p>	No management response was required for this advisory engagement.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>student head count and marketing-related data points collected by each school.</p> <p>Using various best practice documents, auditors compiled a variety of suggested next steps to assist management in implementing an institution-wide data governance framework. The suggested next steps range from short-term steps, such as committee and policy development, to long-term goals, such as system integrations and implementation of a data warehouse. While the suggested next steps are provided from an institution-wide perspective, they can also be utilized on a smaller scale to implement a data governance framework within individual areas. No management response was required for this advisory engagement.</p>	
2023059a	6/15/2023	MSU Gaines Dental Hygiene Clinic Cash Controls	The engagement objective was to evaluate current cash handling processes at the Gaines Dental Hygiene Clinic. While some effective controls are in place, management agreed with recommendations to further strengthen internal controls in multiple processes and update the Clinic Cash Management Policy. Auditors also noted that the paper-based and highly manual nature of current processes may increase risks related to efficiency and data protection.	<p>Incomplete/ongoing</p> <p>The recommendations are pending verification by the Office of Audit Services.</p>
2023059c	6/26/2023	MSU Vinson Health Center Cash Controls	The engagement objective was to evaluate current cash handling processes at the Vinson Health Center. While some effective controls are in place, separation of duties has been impacted by the elimination of a position. Auditors also recommended improvements to various controls and updating documented policies and procedures.	<p>Incomplete/ongoing</p> <p>Two recommendations are pending verification by the Office of Audit Services, and one recommendation regarding segregation of duties is not yet due.</p>
2023059d	6/26/2023	MSU Counseling Center Cash Controls	The engagement objective was to evaluate current cash handling processes at the MSU Counseling Center. While some effective controls are in place, management agreed with recommendations to further strengthen internal controls in	<p>Incomplete/ongoing</p> <p>One recommendation on internal controls has been</p>

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			multiple processes and update the Center's documentation of its policies and procedures. Auditors also noted that the paper-based and highly manual nature of current processes may increase risks related to efficiency and data protection.	implemented, two recommendations related to procedures not aligned with policies and document retention are pending verification by the Office of Audit Services, and two recommendations are not yet due.
2023059b	7/5/2023	MSU Psychology Clinic Cash Controls	The engagement objective was to evaluate current cash handling processes at the MSU Psychology Clinic. Auditors found that cash handling processes are not documented, complete, or consistently followed. Clinic management agreed with recommendations to document controls and processes to protect cash, ensure records are accurate, and improve efficiency, effectiveness, and compliance with laws, regulations, and University policies. Additionally, Clinic management plans to provide cash handling training to staff and graduate students annually. Clinic management will explore whether they could utilize inactive licenses for Titanium Software, an electronic patient management software, which is already in use at another MSU clinic.	Incomplete/ongoing These recommendations are not yet due.
2023059e	7/5/2023	MSU Controller's Office Operating Policies	During performance of the engagements above pertaining to MSU's health-related clinics and centers, auditors noted some MSU policies and procedures are outdated and do not always align with Texas Tech University System policies. Management agreed with a recommendation for the Controller's Office to develop individual policies for each section of MSU's <i>Handbook of Fiscal Regulations and Procedures</i> and ensure the <i>Handbook</i> and related policies are reviewed and updated regularly.	Incomplete/ongoing This recommendation is not yet due.
2023064	7/28/2023	MSU Interim Report on Enrollment Management Processes and Data Security	<u>This report was issued as confidential and is excepted from public disclosure.</u>	No recommendations to implement.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>This management advisory engagement was added to the annual audit plan after auditors learned of an enhanced risk of data breach stemming from a vendor's cancellation of an Information Technology (IT) contract with MSU. As a result of the cancellation, prospective MSU students were instructed to email confidential documents and personal identifiable information (PII) to the University to facilitate the enrollment management process.</p> <p>Office of Audit Services' <i>MSU Report on Information Technology Governance</i> (#2023030b), issued on April 20, 2023, explained that MSU's below-average investment in IT during recent years limits Information Technology's ability to minimize manual processes, streamline and automate activities, and create efficiencies. The current situation has been exacerbated by an overall lack of communication between Information Technology and the involved Enrollment Management departments. Therefore, Audit Services has undertaken a project management role to facilitate the implementation of the highest priority enrollment management applications, which will include the elimination of prospective students' use of email to submit documents.</p> <p>The objectives of the engagement are to facilitate collaboration between the Enrollment Management and Information Technology divisions to complete the implementation of select high priority applications; monitor progress on the implementation of these applications to ensure timely completion and accountability amongst the responsible parties; and encourage and foster a culture of communication among Enrollment Management, Information Technology, and the campus community. We will periodically report progress through formal interim reports such as this one.</p>	

Contracting Audits Completed

Texas Government Code, Section 2261.258, requires the State Auditor’s Office to assign contract monitoring ratings each fiscal year to the 25 largest state agencies as determined by the Legislative Budget Board. The rating is based on a variety of factors, including the results of contracting-related audits conducted by the agency’s internal auditors. To assist in performing this function, the State Auditor’s Office has requested the 25 state agencies identify each audit report related to agency contracts and contract processes and controls completed in the last five fiscal years (2019-2023).

Of the Texas Tech University System institutions, Texas Tech University and Texas Tech University Health Sciences Center are included in the 25 largest state agencies in fiscal year 2023. The tables below list audit engagements related to contracts and contract processes and controls completed in the last five fiscal years for these institutions.

Texas Tech University

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2023	2022022	9/21/2022	Blackboard Application Security and Controls	Incomplete/ongoing – All recommendations have been implemented except for two related to user access controls. These recommendations are in progress.
2023	2022044a	11/1/2022	Davis College of Agricultural Sciences and Natural Resources Business Processes	No recommendations to implement.
2023	2023004	4/18/2023	Contracting and Procurement Processes for FY2023	No recommendations specific to TTU to implement.
2023	2023022	6/8/2023	Licensing and Trademark Processes	Incomplete/ongoing – The recommendations are not yet due.
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

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 – A recommendation related to TTU’s LBB reporting processes is 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	Implemented
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	Implemented
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

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
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
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

Contracting Audits Completed

Texas Tech University Health Sciences Center

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2023	N/A	8/23/2022	School of Nursing FY2021 Non-Compliant Purchase Orders	No management response was required.
2023	2023004	4/18/2023	Contracting and Procurement Processes for FY2023	No recommendations specific to TTUHSC to implement.
2023	2023010	7/19/2023	Correctional Managed Health Care Contract	No recommendations to implement.
2022	2022004	2/11/2022	Contracting and Procurement Processes for FY2022	Implemented
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	Implemented
2022	N/A	7/7/2022	FY2021 Direct Pay Expenditures for Business Reimbursements to Faculty and Staff	No management response was required.
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	Implemented

Contracting Audits Completed

Fiscal Year	Audit Number	Report Date	Report Title	Implementation Status
2020	N/A	10/8/2019	TTUS Closeout Construction Costs – TTUHSC Permian Basin Academic Facility	Implemented
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

External Quality Assurance Review

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

External Quality Assurance Review



Texas Tech Office of Audit Services

Internal Quality Assessment with External Validation

Issued: July 13, 2021

July 13, 2021

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

Dear Ms. Turner:

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

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

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

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

Sincerely,

John W. McDaniel
University of Alabama System

Pam Dunleavy
University of South Carolina

Michelle Finley
Oklahoma A & M Board of Regents

James Dillon
University of Colorado

Other Value-Added Activities

Service to Texas Tech University System and Component Institutions

Activity	Impact
Served as TTUS Values Culture Ambassadors, Engagement Team Leader, and Values Ambassadors Team Chairman and Vice Chairwoman	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 TTUHSC Values Summit 2.0	Helped TTUHSC evaluate their journey for a sustainable values-based culture
Facilitated the TTU J.T. & Margaret Talkington College of Visual and Performing Arts Values Summit	Helped the College launch its 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 TTU Accounting Advisory Council	Contributed to the oversight of the Accounting program and provided guidance on the strategic direction
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

Other Value-Added Activities

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 ASU President's Cabinet	Strengthened the partnership and communication with members of ASU executive management regarding strategic direction and current operations
Served on the ASU Conflict of Interest Committee	Contributed to ASU's efforts to develop and deploy annual disclosure requirements and the subsequent management reviews
Served on the MSU Administrative Council	Contributed to the oversight and coordination of MSU policy review and implementation
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 TTU 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 mentors for the Association of College & University Auditors (ACUA)	Contributed to the profession of internal auditing and strengthened knowledge base
Served as Secretary of the Texas Association of College & University Auditors (TACUA)	Contributed to the profession of internal auditing and strengthened knowledge base

Other Value-Added Activities

Served as President and Immediate Past President of the South Plains Chapter of Texas Society of CPAs (TXCPA)	Contributed to the accounting profession and strengthened knowledge base
Served as the Immediate Past President, 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
Served as President, Past 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
Presented training sessions for ACUA	Contributed to the profession of internal auditing and strengthened knowledge base
Attended TXCPA Leadership training and Advocacy Day at the 88 th Texas Legislature	Strengthened professional commitments and knowledge base and contributed to the accounting profession
Attended IIA Leadership training	Strengthened professional commitments and knowledge base
Presented on the value of a CPA license and professional organizations for TTU Accounting students	Contributed to the accounting pipeline and profession
Led the external quality assurance review at the University of South Florida	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 Vice Chair 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

Annual Plan for Fiscal Year 2024

The annual audit plan for Texas Tech University System for the year ending August 31, 2024, was approved by the Audit Committee of the Board of Regents on August 10, 2023. 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 51 planned engagements included in the annual plan. The planned engagements include audits to address the various types of risks, including institutional compliance and athletics compliance programs, contracting processes, human resources and payroll processes, and information technology.

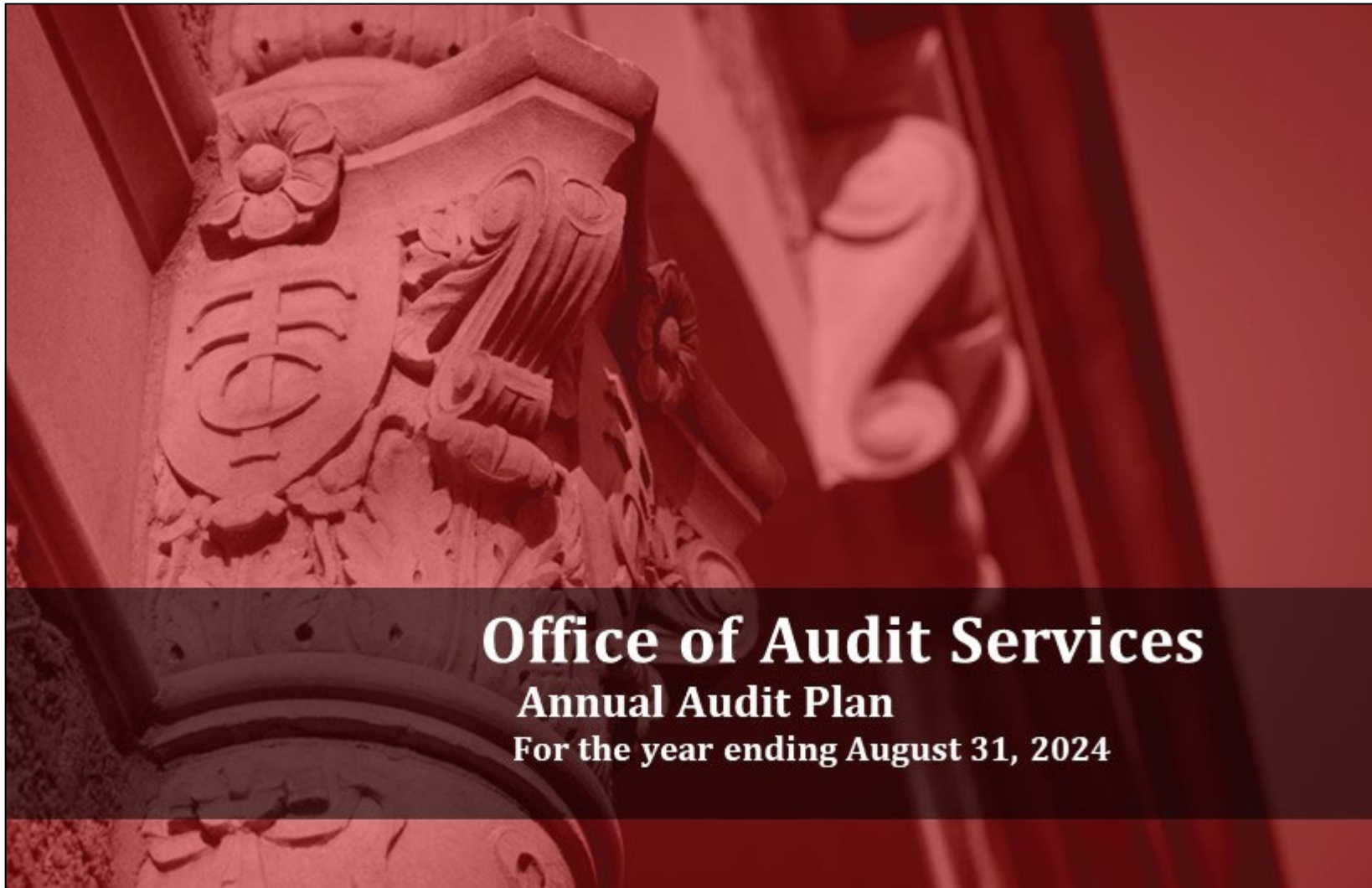
All previous requirements related to internal audits of benefits proportional by method of finance have been completed and submitted as required. No additional audits related to benefits proportionality were required or included in the 2024 annual audit plan.

The following planned engagements address contract management and other requirements of Senate Bill 20 (84th Legislature): TTUS Contracting and Procurement Processes, TTUHSC Correctional Managed Health Care Contract, and TTUHSC El Paso Contracting Office 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 2024 is included on the following pages.

Annual Plan for Fiscal Year 2024



Annual Plan for Fiscal Year 2024



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Annual Plan for Fiscal Year 2024

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 2024

(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 2024 annual audit plan fall into these categories: 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 2024 Annual Audit Plan, there are other mitigating activities and follow-up engagements that address these risks.

Annual Plan for Fiscal Year 2024

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 20,650 hours.

Type of Service	Total	% of Total	Description
Risk-Based Engagements			
Assurance	10,270	50%	Audits of operations and processes to address identified risks
Management Advisory and Consulting	1,120	5%	Consulting engagements requested or identified
Follow-Up	900	4%	Follow-up on management action plans from prior audits
Required Engagements	1,910	9%	Engagements required by statute, external entities, policies, etc.
Investigations	2,500	12%	Hours reserved for investigations, hotline complaints, and special projects
Other Value-Added Work			
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
	20,650	100%	

Annual Plan for Fiscal Year 2024



Planned Engagements

Texas Tech University

Intercollegiate Athletics	Operational/Compliance
Faculty Hiring Processes	Operational
Museum of Texas Tech University	Operational/Controls
Institutional Compliance Program	Compliance
College Business Officer Academy	Management Advisory
University Student Housing Division	IT Controls/Operational
NCAA Financial Agreed-Upon Procedures	Financial (assist)
Texas Tech Public Media Financial Statements	Financial (assist)
Red Raider Facilities Foundation, Inc.	Financial (assist)
US PREP Data Use Compliance	Compliance
Football Attendance Certification	Compliance

Annual Plan for Fiscal Year 2024

Texas Tech University Health Sciences Center

Lubbock Department of Psychiatry	Operational/IT Controls
Allscripts Application Controls	IT Controls
Institutional Compliance Program	Compliance
Jerry S. Hodge School of Pharmacy	Operational/IT Controls
Clinical Trial Billing Processes	Financial/Compliance
Correctional Managed Health Care Contract	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance
Willed Body Program	Compliance

Annual Plan for Fiscal Year 2024

Texas Tech University Health Sciences Center El Paso

Human Resource Processes	Operational
Fleet Fuel Card Controls	Controls
Contracting Office Processes	Operational/Compliance
Centricity EMR HIPAA Workflows	IT Controls/Compliance
Institutional Compliance Program	Compliance
Texas Higher Education Coordinating Board Residency Grants	Compliance
Willed Body Program	Compliance

Annual Plan for Fiscal Year 2024

Angelo State University

Title IX Program	Compliance
NCAA Compliance Program	Compliance
Hispanic-Serving Institution STEM Grant	Financial/Compliance
DegreeWorks Application Review	IT Controls
Supplemental Designated Tuition	Financial/Compliance
Carr Foundation Financial Statements	Financial (assist)
ASU Foundation Financial Statements	Financial (assist)
Joint Admission Medical Program Grants	Compliance

Annual Plan for Fiscal Year 2024

Midwestern State University

Payroll Processes
President's Office
Building Access Controls
Faculty Load and Compensation
Faculty Onboarding Processes
Joint Admission Medical Program Grants
NCAA Financial Agreed-Upon Procedures
MSU Foundation, Inc. Financial Statements

Compliance/Controls
Management Advisory
Operational/Controls
Operational/Controls
Operational/Controls
Compliance
Financial (assist)
Financial (assist)

Annual Plan for Fiscal Year 2024

Texas Tech University System & Components

SB 17 Compliance Review	Compliance
One Health Initiative	Management Advisory
C-Cure Application Controls	IT Controls/Operational
Institutional Advancement Donor Database Implementation	Management Advisory
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 and Federal Involuntary Engagements	Miscellaneous (assist)
Risk Management Assessment	Risk Management
Multihazard Emergency Plan Safety and Security Audit	Compliance

Annual Plan for Fiscal Year 2024



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 2024

(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.

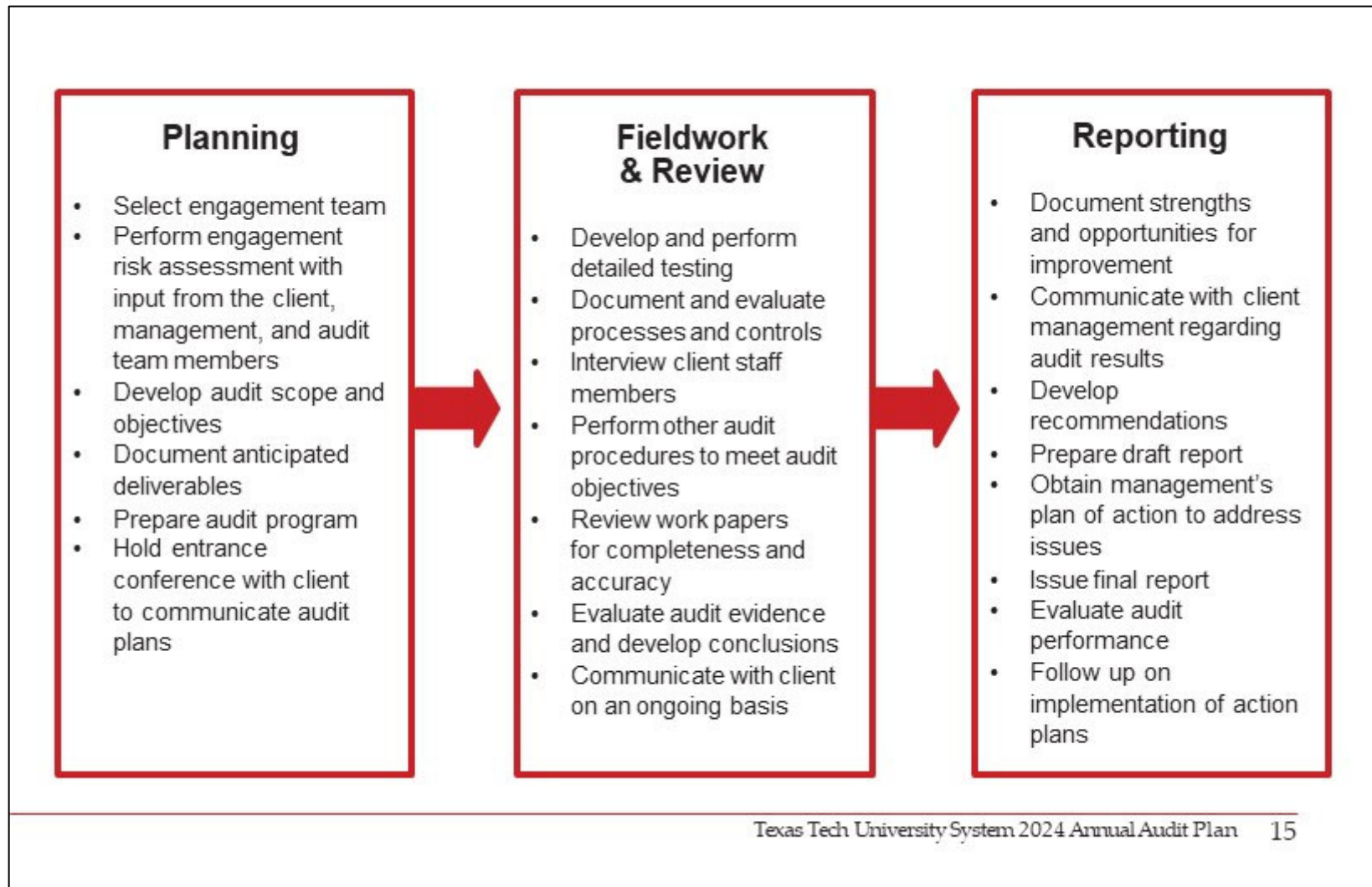
The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017.) pp 54-55

Annual Plan for Fiscal Year 2024



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 2024



Annual Plan for Fiscal Year 2024



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 2024

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	Red Raider Facilities Foundation, Inc. 2022 Financial Statements	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Texas Tech Public Media 2022 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Intercollegiate Athletics Agreed-Upon Procedures	Forvis, LLP
Texas Tech University Health Sciences Center El Paso	Student Financial Assistance Cluster Program	Belt Harris Pechacek, LLLP
Texas Tech University Health Sciences Center El Paso	Financial Statement Review for FY 2022	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
Angelo State University	Intercollegiate Athletics Agreed-Upon Procedures	Forvis, LLP

External Audit Services

Angelo State University	Student Financial Assistance Cluster Program	Belt Harris Pechacek, LLLP
Angelo State University	Financial Statement Review for FY 2022	Belt Harris Pechacek, LLLP
Angelo State University	Perkins Loan Liquidation Agreed-Upon Procedures	Belt Harris Pechacek, LLLP
Midwestern State University	MSU Foundation, Inc. 2021 Financial Statements	Hupp, Bauer, Hanson & Lewis
Midwestern State University	Student Financial Assistance Cluster Program	Belt Harris Pechacek, LLLP
Midwestern State University	Financial Statement Review for FY 2022	Belt Harris Pechacek, LLLP

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 (87th Legislature)
- Texas Government Code, Section 321.022

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

In addition, Texas Tech University System, Texas Tech University, Texas Tech University Health Sciences Center, Texas Tech University Health Sciences Center El Paso, Angelo State University, and Midwestern State University have links on their main websites at www.texastech.edu, www.ttu.edu, www.ttuhs.edu, www.elpaso.ttuhs.edu, www.angelo.edu, and 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.