



TEXAS TECH UNIVERSITY SYSTEM™



Office of Audit Services

Annual Audit Report

For the Year Ended August 31, 2024

Kimberly F. Turner, CPA

Chief Audit Executive

November 1, 2024

Transmittal Letter

November 1, 2024

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, 2024. 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, 2024, we issued 78 reports related to various engagements, and the results of our work have been communicated to the Board of Regents through the Audit Committee and to the administration.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kim Turner', with a stylized flourish at the end.

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 Posting Requirements

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 2024

The annual audit plan for Texas Tech University System for the year ended August 31, 2024, which is included in this report, was approved by the Audit Committee of the Board of Regents on August 10, 2023. There were 51 planned engagements included in the annual plan, and 6 engagements were added during the year.

Of the planned engagements, 36 were completed, 11 were in progress at year-end, 4 were carried forward to fiscal year 2025, and 6 were cancelled. The engagements carried forward to the fiscal year 2025 annual plan were TTU US PREP Data Use Compliance, TTU/TTUHSC One Health Initiative, ASU Title IX Program, and MSU Faculty Load and Compensation. The cancelled projects were TTU Football Attendance Certification, TTU/TTUHSC C-Cure Application Controls, TTUHSC El Paso Centricity EMR HIPAA Workflows, and MSU Faculty Onboarding Processes. Cancelled management advisory engagements were TTUS Institutional Advancement Donor Database Implementation and MSU President's Office.

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

Texas Tech University

Intercollegiate Athletics – Complete

Faculty Hiring Processes – Planning

Administration and Finance Certificate Program – Fieldwork

Texas Tech University Health Sciences Center

Institutional Compliance Program – Fieldwork

Clinical Trial Billing Processes – Planning

Texas Tech University Health Sciences Center El Paso

Missing Property Processes – Draft Report Issued

Angelo State University

NCAA Compliance Program – Review

Midwestern State University

Payroll Processes – Complete

CS Gold Meal Plan Reconciliation – Planning

Simple K Key Management System Implementation – On Hold

MSU Foundation, Inc. FY 2023 Financial Statements – Reporting

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

Annual Plan for Fiscal Year 2024

In addition to the planned engagements and other risk-based engagements included above, 12 planned projects and 2 investigations in progress at September 1, 2023, were completed during the year. One additional special project in progress from the prior fiscal year was still in progress at year-end. Our office began eight investigations during the year because of reports to the Texas Tech Fraud and Misconduct Hotline or directly to our office. Seven of these engagements were completed prior to August 31, 2024. The last one was completed in early September 2024.

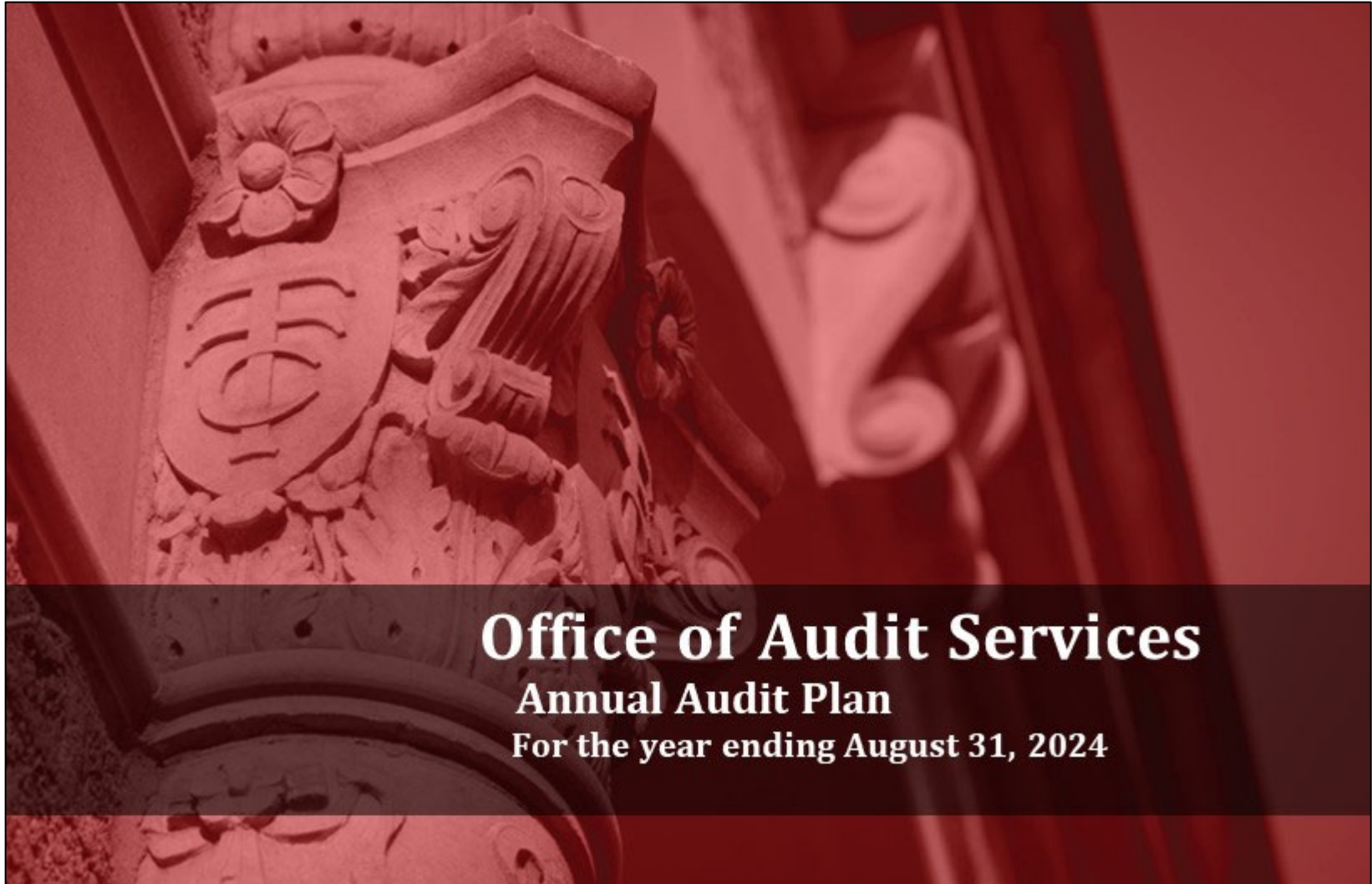
Texas Education Code, Section 51.9337(h), as added by Senate Bill 20 (84th Legislature), requires higher education institutions to annually assess whether the institution has adopted the rules and policies required by this section and submit a report of findings to the state auditor. To comply with this audit requirement, the Office of Audit Services at Texas Tech University System included an audit entitled *Contracting and Procurement Processes* on its fiscal year 2024 annual audit plan. The audit report (#2024004) was issued to management on January 30, 2024, 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 2024 include TTUHSC Correctional Managed Health Care Contract and TTUHSC El Paso Contracting Office Processes. Certain other audits included individual contracting objectives as a portion of the overall engagement scope, including TTU University Student Housing Application Controls, TTU Museum of Texas Tech University, TTUHSC Amarillo Veradigm Practice Management Application Controls, TTUHSC Lubbock Department of Psychiatry, ASU Norris-Vincent College of Business Commercial Aviation Program, and ASU Maxient Application Security and Controls.

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

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 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
Faculty Hiring Processes
Museum of Texas Tech University
Institutional Compliance Program
College Business Officer Academy
University Student Housing Division
NCAA Financial Agreed-Upon Procedures
Texas Tech Public Media Financial Statements
Red Raider Facilities Foundation, Inc.
US PREP Data Use Compliance
Football Attendance Certification

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

Compliance
Compliance
Financial/Compliance
IT Controls
Financial/Compliance
Financial (assist)
Financial (assist)
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.

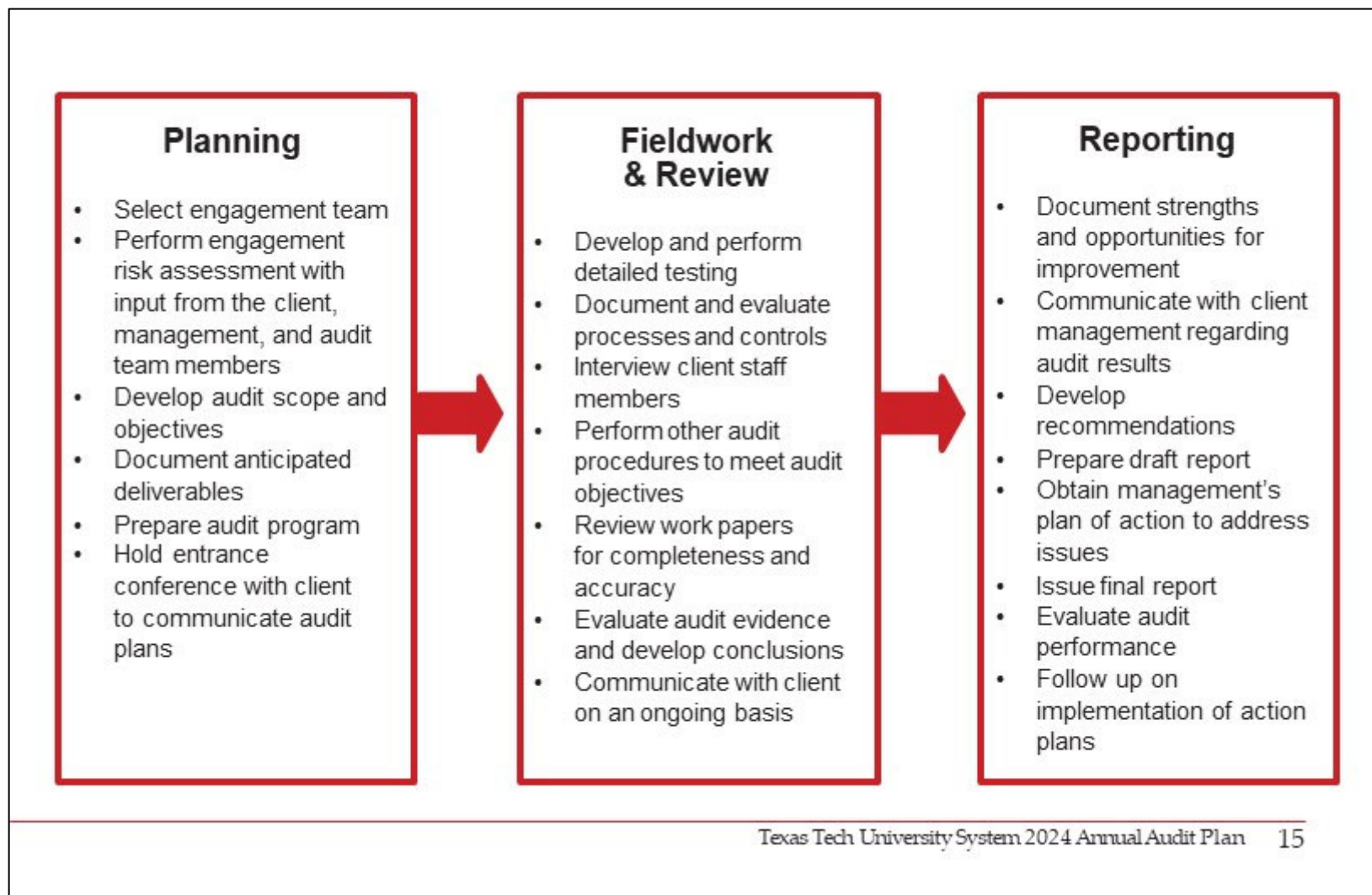
The Institute of Internal Auditors, International Professional Practices Framework. (Lake Mary: The Institute of Internal Auditors, 2017.) pp 54-55

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.

Audits Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	10/31/2023	Office of Audit Services 2023 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 2023, the latest external quality assurance review, lists of audit and non-audit engagements completed, external audit services provided to TTUS and component institutions, and the 2023 and 2024 annual audit plans.	No recommendations to implement.
2024006	2/21/2024	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 2023 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, a few instances of double reimbursement of meals, one instance in which the reimbursement was never paid to the traveler, and three instances where travelers approved the travel voucher more than 60 days after the date of travel, which made the transactions taxable to the individuals. Additionally, there is inconsistency in how presidents' expenses are submitted for approval to the Chancellor's Office or System CFO's Office. Office of Audit Services is working with management to recommend clarifications in processes and policies to improve consistency.	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. OAS will follow up on the recommended clarifications in processes and policies related to approval of presidential expenses by a TTUS designated official in next year's engagement.
2024004	1/30/2024	Contracting and Procurement Processes	Texas Education Code (TEC) §51.9337(h) requires the chief auditor of an institution of higher education to annually assess whether the institution has adopted the rules and policies required by Senate Bill 20, 84th Legislature, Regular Session, which amended statutes related to state agency contracting in an effort to achieve greater accountability and transparency. TTUS and its component institutions have adopted the rules and policies required by TEC §51.9337.	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024005	3/18/2024	Texas Tech Foundation, Inc. FY2023 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, 2023. 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.
2024008	3/25/2024	Multihazard Emergency Management Plan Safety and Security Audit	Texas Education Code Section 51.217 requires, "At least once every three years, an institution shall conduct a safety and security audit of the institution's facilities." This section also requires institutions of higher education to adopt and implement a multihazard emergency management plan that addresses mitigation, preparedness, response, and recovery. Each institution in the TTUS has developed an emergency management plan (EMP) that addresses emergency mitigation, preparedness, response, and recovery, although auditors recommended formalizing EMP reviews. Each institution has also implemented an emergency alert system to notify students, faculty, and staff of emergency situations. Each institution performed annual emergency alert system tests and mandatory emergency drills. Overall, institutions provided required training to personnel with emergency response responsibilities, although opportunities exist to ensure all individuals with emergency response responsibilities complete training.	Incomplete/ongoing Recommendations related to EMP reviews and emergency response training are in progress.
2024003	5/22/2024	Cancer Prevention and Research Institute of Texas (CPRIT) Grant Funds	This program-specific audit, which was performed by the independent CPA firm of Bolinger, Segars, Gilbert & Moss, LLP, covered 29 grants totaling almost \$60 million at TTUHSC, TTUHSC El Paso, and TTU, of which \$7.7 million was expended during fiscal year 2023. 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	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			any deficiencies in internal controls that they consider to be material weaknesses.	
N/A	7/10/2024	TTUS Closeout Construction Costs – TTU Talkington College of Visual and Performing Arts Theatre and Dance Complex Phase II	<p>Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. This audit of TTU’s Talkington College of Visual and Performing Arts Theatre and Dance Complex Phase II was performed by R.L. Townsend & Associates, LLC. On November 26, 2019, TTUS entered into a construction manager at risk cost-plus guaranteed maximum price agreement with Lee Lewis Construction, Inc. (LLCI) for construction management and renovation services for the project. The guaranteed maximum price for the contract was \$15,996,296.</p> <p>The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 23, which was for services provided through January 31, 2024. The total amount earned as of that date, including the construction manager’s fee, was \$15,629,817. The auditors identified combined unallowable costs totaling \$65,344 related to bond rates and subcontractor billing errors. The pre-construction contract review of labor rates resulted in an additional \$18,000 in cost avoidance. LLCI agreed with the disallowed costs and has credited the project.</p>	No recommendations to implement.
2024046a	7/22/2024	Senate Bill 17 Compliance Review	The objectives of this engagement were to determine actions taken by Texas Tech University System (TTUS) component institutions to identify and address the compliance requirements in Senate Bill 17, “Responsibility of Governing Boards Regarding Diversity, Equity, and Inclusion Initiatives,” codified as Texas Education Code (TEC) 51.3525 with an effective date of January 1, 2024, and to determine whether processes are in place to ensure sustainable compliance with TEC 51.3525.	A recommendation to develop, document, and implement a comprehensive monitoring program to ensure ongoing compliance was made to the president at each institution in separate reports (included in each institution’s section).

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Overall, TTUS component institutions have taken necessary steps to address the compliance requirements in TEC 51.3525. The institutions' approach has been to abide not only by the letter of the law, but also by the spirit of the law. Additionally, Texas Tech University System Regulation 07.07, <i>Employee Conduct, Coaching, Corrective Action and Termination</i>, addresses expectations and potential disciplinary actions for all employees of the System and includes wording specific to violations of TEC 51.3525.</p> <p>However, none of the component institutions have formally developed, documented, or implemented a comprehensive monitoring program to help ensure sustained compliance with TEC 51.3525. Compliance requires an ongoing process to ensure the institutions consistently adhere to laws, regulations, and policies. While TTUS component institutions put forth considerable effort to achieve initial compliance with TEC 51.3525, the effort must be sustained as new employees and students join the institutions who may not be aware of TEC 51.3525 requirements. A robust monitoring program at each institution will provide reasonable assurance to the presidents, chancellor, and Board of Regents that the institutions remain in compliance with TEC 51.3525. A recommendation was made to each president to implement such a program.</p> <p>We encouraged the chancellor to consider whether a System-wide approach to coordination and reporting of ongoing compliance would be beneficial for consistent reporting to the state legislature, Texas Higher Education Coordinating Board, State Auditor's Office, and other agencies.</p>	
N/A	8/1/2024	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, Assistant Chief Audit Executive Teresa Jack has completed a review of our office's	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			quality assurance activities. Her procedures also included following up on recommendations from the prior external peer review report. Ms. Jack concluded that the Office of Audit Services has established procedures that provide reasonable assurance that audits and other engagements are performed and reports are issued in accordance with professional standards.	
2024007	8/8/2024	TTUS Risk Management Assessment	TTUS has implemented Enterprise Risk Management (ERM), which is defined as a process, overseen by the chancellor and respective president of each component institution, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives. While standards of practice have been defined, each institution has independently developed a structure for its implementation. During the August 2024 Board of Regents meeting, the TTUS Chief Financial Officer and Chief Audit Executive partnered to provide a report on ERM processes and key risks across TTUS and its institutions.	No recommendations to implement.
N/A	8/8/2024	Office of Audit Services 2025 Annual Audit Plan	In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we prepared our 2025 annual audit plan based on the results of a formal risk assessment process. The plan includes audits 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 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.	No recommendations to implement.

Audits Completed

Texas Tech University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023032a	10/4/2023	College of Arts and Sciences	<p>The audit objectives related to timely approval of timesheets and leave reports, usage of faculty start-up and endowment spendable funds, and allowability of certain travel expenses. Overall, travel expenditures originating from certain units within the Dean's office are supported and allowable, and expenditures charged to faculty start-up funding and underutilized endowment spendable funds align with start-up agreements and the donors' designated purpose, respectively. However, auditors found that almost half of all fiscal year 2023 timesheets and leave reports for College employees were not approved by a supervisor. The College agreed with recommendations to ensure timesheets and leave reports are approved, individuals cannot approve their own leave reports, and those assigned to approve timesheets and leave reports have direct knowledge of their assigned employees' activities. The College also intends to enhance its processes for developing and monitoring annual plans of action for underutilized endowments and to monitor start-up fund utilization.</p>	<p>Incomplete/ongoing</p> <p>The underutilized endowments recommendation has been implemented. The timesheet and leave report approval and faculty start-up fund utilization recommendations are in progress.</p>
2023031a	11/1/2023	Intercollegiate Athletics	<p><u>This report was issued as confidential and is excepted from public disclosure. Results related to the information technology controls objective have been excluded.</u></p> <p>The audit objectives were to determine if academic achievement awards to student-athletes are consistently applied and comply with the U.S. Supreme Court decision and institutional requirements; evaluate security risks and select information technology controls surrounding certain equipment; and evaluate travel agency data transfer security.</p> <p>Data transmitted to the travel agency is handled through an encrypted system, and auditors had no findings. Athletics has</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			implemented a robust award program for compensating eligible student-athletes for academic achievement awards. The award program's eligibility criteria are documented, and Athletics has implemented certain internal controls, including reconciliations, to aid in disbursement accuracy and compliance with Athletics and the U.S. Supreme Court thresholds. While auditors identified minor inaccuracies in award calculations, overall, awards complied with Athletics' defined criteria and were consistently awarded.	
2023031b	11/1/2023	Athletics Broadcast Services Firewall	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Implemented
2023033	11/8/2023	Whitacre College of Engineering	The audit objectives were related to safety training for students, utilization of endowment spendable funds, documentation of degree completion, and food and entertainment expenditures. Overall, students complete lab and shop safety training when required; however, auditors identified opportunities to improve the College's safety governance structure by formalizing safety training requirements, implementing processes to monitor instructor enforcement of such requirements, and requiring training requirements to be reflected in course syllabi. Additionally, auditors noted that documentation for almost half of all food and entertainment expenditures reviewed did not support that expenditures were allowable and complied with TTU operating policies and procedures. Finally, there are opportunities for the College to enhance its processes for developing and monitoring annual plans of action for underutilized endowments and to document prerequisite exceptions and course substitution approvals more consistently.	Incomplete/ongoing Recommendations related to underutilized endowments plans of action and expenditures, food and entertainment expenditures, and student safety training have been implemented. The remaining recommendations related to an underutilized endowed chair and prerequisite exception and course substitution approval documentation are in progress.
2024057	11/9/2023	Rawls College of Business Administration Finance Student Organizations Bank Account Investigation	In early October 2023, Rawls College management notified our office that the faculty advisor of two student organizations – the Finance Association and the Business Valuation Club – misappropriated a \$75,045 check made payable to the College's Area of Finance. Specifically, the faculty advisor	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>deposited the check into the Finance Association's external bank account and attempted to transfer a large portion of the payment to the Business Valuation Club's external bank account. The check was from a course materials vendor who previously paid textbook royalties to the College's Area of Finance; however, the Area of Finance discontinued collecting textbook royalties from the vendor several years ago because of concerns about how the royalties may affect textbook prices. While gathering information related to the misappropriated check, College management identified concerning financial activity in both student organizations' external bank accounts.</p> <p>Auditors confirmed the faculty advisor's actions related to the textbook royalties and associated revenue violated the TTUS Fraud Policy. Specific actions that violated the TTUS Fraud Policy include the faculty advisor unilaterally reactivating the collection of textbook royalties on behalf of the University, concealing it from Area of Finance management, and intentionally misappropriating the associated revenue by depositing the check into an external bank account he controls. These actions deprived the Area of Finance of revenue it would have otherwise received.</p> <p>Additionally, almost all transactions posted to both the Finance Association's and Business Valuation Club's external bank accounts are unsubstantiated. Auditors requested documentation (e.g., receipts) for all transactions from the faculty advisor to substantiate the amount and purpose of the transactions, but only a limited number of receipts were provided. Prior to identifying the misappropriated revenue, Area of Finance management had taken steps to increase oversight of student organization finances. Based on the results of this engagement, there are opportunities to strengthen internal controls over student organization financial processes.</p>	

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024010	11/10/2023	Red Raider Facilities Foundation, Inc. FY2023 Financial Statements	The independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, audited the financial statements of Red Raider Facilities Foundation, Inc., for the year ended August 31, 2023. 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.
2024009	1/12/2024	Intercollegiate Athletics FY2023 NCAA Financial 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, 2023, 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.
2024011	1/23/2024	Texas Tech Public Media FY2023 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, 2023, and preparation of the annual report for submission to the Corporation for Public Broadcasting (CPB). This audit is required by the CPB and was included in our annual plan. The independent auditors issued an unmodified opinion on the financial statements. There were no issues of concern disclosed in the auditor's required communications letter to the Board. Additionally, there were no proposed but unrecorded journal entries, and no internal control weaknesses were identified.	No recommendations to implement.
2024026	2/15/2024	University Student Housing Application Controls	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Incomplete/ongoing Recommendations are not yet due.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023032b	3/21/2024	Department of Political Science Investigation	<p>The Office of Audit Services completed an audit in the TTU College of Arts and Sciences and communicated the conclusions and recommendations related to the first three audit objectives in a report dated October 4, 2023. In performing procedures related to the final objective, food and entertainment expenses, auditors identified fraudulent activity and process weaknesses that would best be addressed by Department of Political Science management.</p> <p>Auditors identified \$73,853 in fraudulent activity and \$685 of waste within the Department. Of the \$73,853 in fraudulent activity, \$51,110 and \$22,624 are attributed to the former Academic Administrative Coordinator and the former Business Manager, respectively. The fraudulent activity began in 2013 and occurred prior to the current Department Chair's tenure, which began on September 1, 2023. The Academic Administrative Coordinator was terminated from the Department in April 2023 for failure to meet acceptable job performance standards but was subsequently rehired by a different University office in June 2023. Auditors found evidence this employee had resumed fraudulent activity in the new office as well. Both the former Academic Administrative Coordinator and the Business Manager were terminated in November 2023 following auditor interviews pertaining to the fraudulent activity. The remaining \$119 is attributed to a third employee, who was provided education regarding unallowable travel reimbursements.</p> <p>The Department's relaxed financial environment, over-reliance on its business staff and the University's purchasing and travel offices, insufficient transaction and timesheet reviews, and unaddressed familial relationship risks contributed to the fraudulent activity. Additionally, the Department frequently provided food and entertainment to guests when there was not a justified business purpose for their attendance, and auditors identified food and entertainment expenses that were not</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			appropriately supported or approved and/or did not comply with University operating policies and procedures.	
2024054	4/15/2024	Department of English Purchases Investigation	<p>The Office of Audit Services received an EthicsPoint hotline report regarding questionable purchases made by an Assistant Professor in the Department of English (Department), a department within the College of Arts and Sciences. In September 2019, the Assistant Professor, who is a creative writer, received \$15,000 in start-up funds in conjunction with his hiring that was to be distributed over three fiscal years to establish the Assistant Professor's research program. In April 2022, the Assistant Professor also received a retention package, which included a one-time allocation of \$30,000 that "may be used for research expenses and travel." Typical research expenses for a creative writer include travel and book expenses for either inspiration or to perform subject-matter research. The objective of this investigation was to review expenditures charged to the Assistant Professor's start-up and retention package funds for fraud, waste, and abuse.</p> <p>Auditors identified \$19,028 in wasteful purchases charged to the Assistant Professor's start-up and retention package funding. Additionally, the Department inappropriately procured three items that met controlled property criteria. Auditors did not conclude the transactions were abusive or fraudulent; however, based on the results of this investigation, auditors recommended the Department strengthen the Department's internal controls over purchasing.</p>	Implemented
N/A	5/1/2024	TTU Operations Division Project Management Process Review	As a part of an overall program of controlling construction costs, TTU's Operations Division (TTU Operations) engaged R. L. Townsend & Associates, LLC, a construction cost control and management advisory firm engaged by TTUS, to perform a review of project management processes and associated costs related to construction projects. TTU Operations is responsible for individual construction and	<p>Incomplete/ongoing</p> <p>All recommendations are in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>renovation projects estimated to cost less than \$4,000,000 and provides a variety of services including project management services, transportation & parking, grounds maintenance, planning & design, facilities maintenance & construction, space & resource management, and utilities. Typical projects include minor construction and renovations, signage, maintenance, routine repairs, landscape and hardscape improvements, parking lots, roadways, and the like.</p> <p>Townsend recommended implementation of a common document repository, which would position TTU Operations for improvements to project management processes, control of costs, and improved communication among groups including estimators, project managers, design, engineering, procurement, and business operations. To improve efficiency and cost control, Townsend further recommended establishing standard forms and reporting requirements, improving contract language, consistently enforcing contracts, and conducting labor and pricing reviews. TTU Operations management has developed a detailed action plan.</p>	
2024055	5/23/2024	Free Market Institute Purchases Investigation	<p>Auditors began this investigation after receiving an EthicsPoint hotline report regarding the Free Market Institute's food and entertainment expenses related to guests. Auditors concluded the Institute's food and entertainment expenses related to guest lecturers and visiting scholars meet the definitions of waste and abuse (but not fraud), and in some cases, do not comply with University food and entertainment policies. From fiscal year 2021 through June 30, 2023, the Institute spent \$64,120 on food and entertainment expenses associated with 71 guest lecturers and 3 visiting scholars. Most of these events included alcohol. Institute management indicated its business model relies heavily on hosting meals and entertaining guest lecturers and visiting scholars to give Institute personnel the opportunity to build relationships that may lead to future research collaborations and to expand their professional network. Still,</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			using University funds to pay all the costs (including alcohol) is unnecessary and appears extravagant. Although state-appropriated funds were <u>not</u> used for these expenses, the University is expected to use all funds, regardless of source, in the most prudent manner possible. The Office of Research and Innovation (to whom the Institute reports) has worked with Institute management to implement recommendations to limit expenses to a reasonable level and improve processes to ensure compliance with University policy.	
2024058	6/28/2024	Texas Tech Rodeo Team Investigation	<p>The Rodeo Team, which is a registered student organization within the Davis College's Department of Animal and Food Sciences (Department), consists of undergraduate students who represent Texas Tech University in intercollegiate rodeos and events across the nation. Historically, the Team used off-campus bank accounts for its operations. The magnitude of the Team's operations is significant: from August 1, 2022 through October 31, 2023, the Team deposited \$1,585,778 and expended \$1,405,642. Auditors began an investigation after notification that the Team's off-campus bank accounts were opened using Texas Tech Foundation, Inc.'s employer identification number and included questionable transactions.</p> <p>Despite recommendations from a previous audit to retain supporting documentation for all expenditures and to reconcile the bank account(s) monthly, the Team had not implemented sound financial processes and controls. As such, the Team's operations were susceptible to fraud, waste, and abuse. After the prior audit, a Department employee was tasked with reconciling the Team's bank accounts and indicated she was doing so. However, it is not possible to reconcile bank accounts without supporting documentation of the individual transactions to substantiate the business purpose and nature of transactions. Given the lack of financial controls and the absence of supporting documentation for 75% of financial transactions, auditors could not determine if fraud, waste, or</p>	<p>Incomplete/ongoing</p> <p>These recommendations are in progress.</p>

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Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>abuse occurred and could not substantiate the business purpose for \$239,500 of expenditures. Further, the Team compensated individuals without providing tax documentation, inconsistently compensated Team members for sponsorships, and possibly accepted gift checks in conflict with Texas Tech University System Regulations.</p> <p>During the investigation, the bank accounts were closed, and the Team's funds were transferred to the University's financial system so that Team funds and financial activities are subject to more oversight by Department and College management, as well as University financial processes and controls. College and Department management have instituted additional changes as well. Texas Tech Foundation, Inc. has also taken steps to assess the implications of the Team's activities to its accounting, financial reporting, and regulatory requirements.</p>	
2024035a	7/18/2024	Institutional Compliance Program	<p>The objective of this audit was to evaluate the design and maturity of the institutional compliance program areas directly assigned to TTU's Office of Institutional Compliance (Office). Auditors assessed the maturity of the Office and each program component across four of the seven elements of an effective compliance program from the framework defined in Chapter 8 of the U.S. Federal Sentencing Guidelines.</p> <p>Auditors concluded that the Office and most of its areas of responsibility are at a very low level of maturity. The Title IX office, which the Assistant Vice President for Compliance and Title IX (AVP) has led for several years, is at a higher level of maturity. The remaining areas were assigned to the AVP upon her promotion in March 2022.</p> <p>From an operational standpoint, Institutional Compliance has not implemented critical activities for an effective compliance program. The Office has not formally documented an approach or program for developing and implementing an institutional</p>	<p>Incomplete/ongoing</p> <p>All recommendations are in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			compliance plan for the University. The AVP does not respond timely, or does not respond at all, to University constituent requests related to Campus Carry and Minors on Campus. Institutional operating policies, procedures, and websites are out of date and inaccurate, ongoing risk assessments to evaluate and improve the compliance programs are not formalized, and training plans to evaluate and proactively monitor training completion are not in place. Additionally, oversight and monitoring of compliance provided through the Institutional Compliance Committee is ineffective.	
2024035b	7/18/2024	Institutional Compliance Governance	<p>During the Institutional Compliance Program engagement above, auditors also noted significant governance risks related to the Institutional Compliance Program. Compliance governance is a shared responsibility among the University President, senior administrators, and Institutional Compliance. U.S. Federal Sentencing Guidelines state, <i>“The organization’s governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program.”</i> Further, <i>“High-level personnel of the organization shall ensure that the organization has an effective compliance and ethics program... Specific individual(s) within high-level personnel shall be assigned the overall responsibility for the compliance and ethics program.”</i></p> <p>The University lacks the formalized governance structure needed to implement an effective institutional compliance program and foster a culture of compliance across the University. To develop a governance structure for institutional compliance, auditors recommended that the University develop an institutional compliance plan, establish clear expectations for Institutional Compliance to demonstrate its commitment to compliance, improve the function of the University’s Institutional Compliance Committee, and increase the</p>	<p>Incomplete/ongoing</p> <p>This recommendation is in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			resources allocated to the Institutional Compliance Office. The President agreed with auditors' recommendations and has increased resources to the Institutional Compliance Office, reconstituted the University compliance committee, and begun implementation of additional improvements.	
2024046b	7/22/2024	Senate Bill 17 Compliance Review	<p>The objectives of this engagement were to determine actions taken by TTU to identify and address the compliance requirements in Senate Bill 17, "Responsibility of Governing Boards Regarding Diversity, Equity, and Inclusion Initiatives," codified as Texas Education Code (TEC) 51.3525 with an effective date of January 1, 2024, and to determine whether processes are in place to ensure sustainable compliance with TEC 51.3525.</p> <p>Overall, TTU has taken necessary steps to address the compliance requirements in TEC 51.3525. The institution's approach has been to abide not only by the letter of the law, but also by the spirit of the law. As auditors identified potential issues, TTU personnel provided additional information and/or resolved the issues during the audit. Additionally, Texas Tech University System Regulation 07.07, <i>Employee Conduct, Coaching, Corrective Action and Termination</i>, addresses expectations and potential disciplinary actions for all employees of the System and includes wording specific to violations of TEC 51.3525.</p> <p>However, TTU has not formally developed, documented, or implemented a comprehensive monitoring program to help ensure sustained compliance with TEC 51.3525. Compliance requires an ongoing process to ensure the institution consistently adheres to laws, regulations, and policies. While TTU put forth considerable effort to achieve initial compliance with TEC 51.3525, the effort must be sustained as new employees and students join the institution who may not be aware of TEC 51.3525 requirements. A robust monitoring</p>	<p>Incomplete/ongoing</p> <p>The recommendation to develop and implement a comprehensive monitoring program is not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			program will provide reasonable assurance to the president, chancellor, and Board of Regents that the institution remains in compliance with TEC 51.3525. The president responded with an institutional action plan to implement such a program.	
2024047	7/25/2024	Museum of Texas Tech University	The objective of this audit was to evaluate the Museum's internal controls surrounding contract management processes for borrowed and loaned items. The Museum has established some internal controls surrounding contract management processes for borrowed and loaned items, such as documented policies and procedures for requesting, executing, tracking, monitoring, and closing or renewing contracts. However, there are opportunities to ensure compliance with TTU OPs related to contract execution; improve the efficiency and accuracy of contract tracking and monitoring processes; and ensure policies, procedures, and current processes align.	Incomplete/ongoing These recommendations are not yet due.
2024065	7/25/2024	Northwest Texas Small Business Development Center Investigation	Auditors began this investigation after receiving a hotline report alleging misappropriation of funds from the TTU Small Business Development Center (SBDC) at Abilene by its parent organization, Northwest Texas Small Business Development Center (NWTX SBDC). Throughout the course of this investigation, internal and external stakeholders expressed concerns regarding the NWTX SBDC's operations, including a potential conflict of commitment, and the financial sustainability of SBDC Abilene. SBDC Abilene's operations are funded by federal grants, revenue from an annual fixed price agreement with the Development Corporation of Abilene (DCOA), state line-item appropriations, and gifts. Auditors did not identify evidence of misappropriation; however, SBDC Abilene's expenses exceeded its revenue by \$40,323 from January 1, 2023, to May 5, 2024. While most concerns communicated by stakeholders regarding the NWTX SBDC's operations were unfounded or have a negligible impact, there is an opportunity for NWTX SBDC management to formally document and approve the NWTX SBDC Program	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Director's potential conflict of commitment disclosure and outside employment arrangement, respectively.	

Audits Completed

Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023065	10/10/2023	School of Medicine Student Affairs Investigation	Management in the TTUHSC School of Medicine Office of Student Affairs notified auditors that deposits related to sales of replacement nametags and white coats to students were not occurring as expected. Auditors identified significant cash and inventory process weaknesses and performed an analysis of expected revenue and deposits that identified potential missing revenue of \$800. As a result of the control weaknesses, auditors could not fully substantiate missing revenue totals or definitively assign individual accountability for most of the missing revenue between the two employees who received payments. Management has eliminated cash payments and implemented other controls over the processes.	Implemented
2024015	12/15/2023	Willed Body Program	The Willed Body Program (Program) at TTUHSC reports to the Institute of Anatomical Sciences and exists to advance anatomical education and research by managing donated cadavers. State oversight of the Program is transitioning from the Anatomical Board of the State of Texas to the Texas Funeral Service Commission. Current rules require a compliance audit of the Program every three years. TTUHSC has implemented processes and controls in the Program to comply with the rules and regulations of the Anatomical Board. The Program complied with requirements in the areas of oversight, facilities, assessment fees, and disposals. Additionally, inventory tracking records matched on-hand inventory, and auditors concluded the Program's inventory tracking system is effective.	No recommendations to implement.
2024016a	1/8/2024	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 2023	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			expenditures were \$655,735. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC's financial system.	
2024049	2/14/2024	Jerry H. Hodge School of Pharmacy	<p><u>This report was issued as confidential and is excepted from public disclosure. Results related to information technology controls have been excluded.</u></p> <p>The objectives of this engagement were to follow up on a 2021 audit report that identified significant control weaknesses within the Lubbock and Amarillo pharmacies pertaining to controlled substances inventory processes.</p> <p>The School has implemented additional inventory controls surrounding controlled substances ordering and receiving, including certain automated and manual controls, which are critical to prevent diversion of controlled substances. Still, some manual adjustments were not supported by documentation and were not reviewed by School staff.</p> <p>An additional objective was to provide management with analyses of budget and financial information for fiscal year 2023. As this work was to provide management with information and not to assess controls, there were no recommendations pertaining to this objective.</p>	<p>Incomplete/ongoing</p> <p>Recommendations regarding manual adjustments and application logs have been implemented. The recommendation related to vendor management is in progress.</p>
2024063	2/27/2024	Texas Higher Education Coordinating Board Nursing Shortage Reduction Program – Over 70 Program	<p>The objective of this audit, required by the Coordinating Board, was to determine if <i>Nursing Shortage Reduction Program – Over 70 Program</i> funds awarded to TTUHSC in fiscal years 2018 and 2019 were expended in compliance with allowable award expenditures. TTUHSC received advances of \$430,000 and \$620,000 in <i>Over 70 Program</i> funds during fiscal years 2018 and 2019, respectively. However, TTUHSC did not meet its enrollment targets and subsequently returned \$330,000 and \$20,000 of the 2018 and 2019 awards, respectively. The review of all expenditures from fiscal year</p>	<p>No recommendations to implement.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			2018 through 2023 showed 100% of expenditures were payroll related and complied with the Coordinating Board's allowable use of the funds.	
2024027	4/25/2024	Amarillo Veradigm Practice Management Application Controls	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Incomplete/ongoing Recommendations are not yet due.
2024061	7/3/2024	Department of Ophthalmology & Visual Sciences Cash Investigation	<p>Auditors conducted this investigation after management from the TTUHSC School of Medicine Department of Ophthalmology & Visual Sciences notified auditors of an allegation that the optical shop manager and another employee were stealing deposits by offering cash discounts to patients and not including cash transactions within deposits. Department management completed preliminary work to substantiate the concerns and contacted auditors for further investigation. When auditors met with Department management and the optical shop manager, the optical shop manager could not provide a justifiable explanation for transactions not included within deposits and resigned several hours after the meeting. The other employee allegedly involved resigned shortly thereafter. The objective of this investigation was to determine the extent of the fraudulent activities and evaluate internal controls in the optical shop.</p> <p>Auditors reviewed approximately three months of customer payments and confirmed \$30,232 in payments were not deposited. Additionally, auditors identified multiple transactions for \$0. Although zero-dollar transactions could represent normal business transactions (e.g., for warranty work), they could also represent sales not captured within the system in order to conceal fraud. Thus, the financial impact to the department may be greater than the missing funds identified during this investigation. Auditors were unable to determine responsibility for the missing funds because the cash collection and deposit processes lacked internal controls. Even</p>	Incomplete/ongoing Auditors are working with management to verify implementation.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			though the optical shop manager began employment in April 2021, auditors did not expand the scope of the investigation given the lack of accountability in cash processes.	
2024014	7/8/2024	Correctional Managed Health Care Contract	Under a partnership that also includes the Texas Department of Criminal Justice and University of Texas Medical Branch at Galveston, TTUHSC Managed Care assists in providing comprehensive health care services to offenders incarcerated in Texas state prisons. The audit objective was to evaluate internal controls surrounding vendor invoice reviews and determine if vendor invoices align with contract stipulations. Managed Care has implemented controls to verify specialty provider invoice services occur and invoice rates align with contract rates. However, one vendor invoiced Managed Care at rates below the contractual requirement, and auditors could not validate another vendor's invoiced rates based on the contract's fee language. Management has begun implementation of contract language and process improvements, as well as working with the vendor to address the billing inaccuracies.	Incomplete/ongoing This recommendation is not yet due.
2024046c	7/22/2024	Senate Bill 17 Compliance Review	<p>The objectives of this engagement were to determine actions taken by TTUHSC to identify and address the compliance requirements in Senate Bill 17, "Responsibility of Governing Boards Regarding Diversity, Equity, and Inclusion Initiatives," codified as Texas Education Code (TEC) 51.3525 with an effective date of January 1, 2024, and to determine whether processes are in place to ensure sustainable compliance with TEC 51.3525.</p> <p>Overall, TTUHSC has taken necessary steps to address the compliance requirements in TEC 51.3525. The institution's approach has been to abide not only by the letter of the law, but also by the spirit of the law. As auditors identified potential issues, TTUHSC personnel provided additional information and/or resolved the issues during the audit. Additionally, Texas Tech University System Regulation 07.07, <i>Employee Conduct</i>,</p>	Incomplete/ongoing The recommendation to develop and implement a comprehensive monitoring program is pending an update from management.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p><i>Coaching, Corrective Action and Termination</i>, addresses expectations and potential disciplinary actions for all employees of the System and includes wording specific to violations of TEC 51.3525.</p> <p>However, TTUHSC has not formally developed, documented, or implemented a comprehensive monitoring program to help ensure sustained compliance with TEC 51.3525. Compliance requires an ongoing process to ensure the institution consistently adheres to laws, regulations, and policies. While TTUHSC put forth considerable effort to achieve initial compliance with TEC 51.3525, the effort must be sustained as new employees and students join the institution who may not be aware of TEC 51.3525 requirements. A robust monitoring program will provide reasonable assurance to the president, chancellor, and Board of Regents that the institution remains in compliance with TEC 51.3525. The president has responded with an institutional action plan to implement such a program.</p>	
2024038	7/25/2024	Lubbock Department of Psychiatry	<p>The Lubbock Department of Psychiatry's Counseling Center contracts with over 30 local organizations, including TTUS, to provide counseling sessions for employees and their families. Each contract defines the number of employees, the number of sessions allowed per employee, and the total revenue. The objectives of this engagement were to perform a revenue analysis of employee assistance programs to determine if the contracted rate meets the Department's revenue expectations, determine if financial controls exist, and evaluate high-risk vendor expenditures and expenditure trends.</p> <p>Overall, the Department has implemented certain financial controls, most expenditures tested complied with TTUHSC policy, and expenditures were reasonable. However, auditors identified additional compensation payments that did not comply with Human Resources administrative procedures and one excessive additional compensation payment. Lastly,</p>	<p>Incomplete/ongoing</p> <p>The additional compensation recommendation is in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Counseling Center revenue meets the Department's expectations; however, Department management has opportunities to strengthen appointment monitoring processes. Also, the current utilization rate for contracted appointments is 3%, and the Counseling Center will soon begin gradually accepting insurance for additional sessions beyond those contracted. Higher utilization and accepting insurance may affect the Counseling Center's resource availability and revenue goals, so monitoring utilization, session counts, and appointment revenue metrics will help management identify trends.	

Audits Completed

Texas Tech University Health Sciences Center El Paso

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023036	9/20/2023	PremiSys Application Security and Controls	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Incomplete/ongoing Multiple recommendations have been implemented; five recommendations are still in progress.
2023026	10/11/2023	Dental Clinic Financial Processes	To provide students with clinical training and patient interaction opportunities, the Woody L. Hunt School of Dental Medicine opened the Dental Oral Health Clinic where students and faculty provide dental care to the El Paso community and surrounding area. The objective of this audit was to evaluate internal controls in the Clinic's cash handling and patient billing processes. The Clinic performs patient eligibility verifications and has implemented certain controls within patient billing and cash handling processes. Management agreed with recommendations related to collection of initial patient payments and further strengthening of the cash control structure to ensure compliance with TTUHSC El Paso operating policies and procedures.	Incomplete/ongoing The cash handling recommendation has been implemented. The patient billing and collection recommendation is in progress.
2023063	10/11/2023	Botox Inventory Controls	The Office of Audit Services collaborated with the TTUHSC El Paso Office of Institutional Compliance to investigate allegations of potentially fraudulent activities involving Botox by faculty and/or staff at two clinics. During the investigation, we also became aware that charges for Juvederm filler services provided had not been processed. The Office of Institutional Compliance issued reports to Paul L. Foster School of Medicine (School) management that included recommendations to address billing, coding, and compliance issues noted. Audit Services' objectives were to evaluate internal controls surrounding Botox inventory at applicable TTUHSC El Paso clinics and to determine the amount of	Incomplete/ongoing All recommendations with the exception of one related to TechBuy receipting have been implemented. The remaining recommendation is in progress.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>unbilled Juvederm services provided by the Surgery Clinic. Therapeutic and cosmetic Botox services are provided at five clinics including the Surgery, Ophthalmology, Neurology, and Obstetrics & Gynecology Clinics on the Alberta campus and the Family Medicine Clinic on the Transmountain campus.</p> <p>Clinics have implemented a few controls over Botox inventory, such as ordering Botox based on scheduled appointments and keeping inventory documentation readily available. However, multiple weaknesses in inventory processes affect the clinics' ability to safeguard and track Botox inventory. Specifically, there are a lack of documented policies and procedures surrounding Botox-related processes, lack of access controls to Botox inventory, inconsistent documentation to track when Botox is received and administered, inconsistent or undocumented inventory counts, unwitnessed disposal of unused Botox, and delivery issues resulting from the vendor's incorrect shipping labels. In addition, management in the Department of Surgery failed to set up codes or fees in the billing system that are necessary to process charges prior to beginning Juvederm filler services. As a result, although a minimum of \$20,194 in services have been provided since the Surgery Clinic began offering Juvederm fillers in February 2022, none of the charges have been billed.</p>	
2024051	12/6/2023	Voyager Fuel Card Controls	<p>TTUHSC El Paso's Office of Vehicle Fleet Management (OVFM) manages the institution's fleet of vehicles used to conduct official business. TTUHSC El Paso's fleet is made up of 28 vehicles that are assigned to six departments including OVFM, Physical Plant, General Services, Police Department, Information Technology, and the Transmountain Campus.</p> <p>OVFM developed a fleet management program to ensure vehicles are operated safely and comply with state requirements. The program requires that expenses for fuel, repairs, and maintenance are paid with assigned credit cards.</p>	<p>Incomplete/ongoing</p> <p>The policies and procedures recommendation has been implemented. The recommendation related to state requirements is in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>TTUHSC El Paso uses the US Bank Voyager Fleet Systems (Voyager) credit card solution. Although OVFM is responsible for oversight of the Voyager fuel card program, employees from various departments use the Voyager cards and are responsible for certain card management activities. The objective of this audit was to evaluate the controls surrounding fleet fuel cards to ensure they reduce the risk of fraud, misuse, and non-compliance with applicable institutional policies and state regulations.</p> <p>OVFM has implemented certain controls surrounding the Voyager fuel cards, including requiring a primary departmental contact, assigning a Voyager fuel card to each fleet vehicle rather than to an individual, and implementing purchase limitations on the cards. However, auditors identified opportunities for improvement related to compliance with state requirements and detailed policies and procedures.</p>	
2024017	12/15/2023	Willed Body Program	TTUHSC El Paso's Willed Body Program helps provide high-level anatomical instruction to future physicians. State oversight of the Program is transitioning from the Anatomical Board of the State of Texas to the Texas Funeral Service Commission. Current rules require a compliance audit of the Program every three years. TTUHSC El Paso has implemented processes and controls in the Program to comply with the rules and regulations of the Anatomical Board. The Program complied with requirements in the areas of oversight, records, crematory contracts, assessment and transfer fees, and disposals. Additionally, auditors verified inventory tracking records matched on-hand inventory and concluded the Program's inventory tracking system is effective.	No recommendations to implement.
2024016b	1/8/2024	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	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Board guidelines related to the grants. Total fiscal year 2023 expenditures were \$113,674. All reviewed program expenditures comply with Coordinating Board guidelines and the amounts reported in the annual financial reports agree to TTUHSC El Paso's financial system.	
2024041	4/15/2024	Institutional Compliance Program	<p>The audit objectives were to determine if TTUHSC El Paso's Institutional Compliance Program includes the "Enforcement and Discipline" component from the U.S. Federal Sentencing Guidelines framework, and then to evaluate if the enforcement and discipline component is being applied earnestly and in good faith. The mission of the Office of Institutional Compliance is to facilitate regulatory compliance throughout TTUHSC El Paso. TTUHSC El Paso has designated an Institutional Compliance Officer and created an Institutional Compliance Committee. Institutional Compliance is specifically responsible for billing compliance, HIPAA privacy compliance, conflicts of interest, and general compliance education. Remaining compliance areas are delegated to other departments, the Institutional Compliance Committee, or subcommittees such as the Clery Compliance Subcommittee.</p> <p>Institutional Compliance has established Operating Policies and Procedures and has generally implemented internal procedures for Institutional Compliance processes. However, Institutional Compliance and Human Resources do not collaborate on employee consequences. Institutional Compliance does not enforce employee discipline and consequence management since these processes are decentralized to departments. Institutional Compliance agreed with recommendations to develop and expand internal procedures to ensure departments implement Institutional Compliance's recommendations addressing risks and ensure employee disciplinary action is consistently applied and enforced.</p>	<p>Incomplete/ongoing</p> <p>The employee disciplinary action and consequence management recommendation has been implemented. All other recommendations are in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024028	4/23/2024	Human Resource Processes	The objective of this audit was to evaluate the centralized staff recruitment process for timely processing, appropriate methodology to determine salary offers, and effective communication with hiring departments. Human Resources has implemented controls surrounding the centralized staff recruitment process including establishing timelines for various stages of the process, developing a methodology to offer equitable salaries, and communicating the status of job requisitions to hiring departments. However, auditors identified opportunities to strengthen controls related to documenting the staff recruitment process procedures; strengthening communication with hiring departments; reviewing and monitoring process timeliness; and conducting reference checks.	Incomplete/ongoing Recommendations are either in progress or not yet due.
2024046d	7/24/2024	Senate Bill 17 Compliance Review	<p>The objectives of this engagement were to determine actions taken by TTUHSC El Paso to identify and address the compliance requirements in Senate Bill 17, “Responsibility of Governing Boards Regarding Diversity, Equity, and Inclusion Initiatives,” codified as Texas Education Code (TEC) 51.3525 with an effective date of January 1, 2024, and to determine whether processes are in place to ensure sustainable compliance with TEC 51.3525.</p> <p>Overall, TTUHSC El Paso has taken necessary steps to address the compliance requirements in TEC 51.3525. The institution’s approach has been to abide not only by the letter of the law, but also by the spirit of the law. As auditors identified potential issues, TTUHSC El Paso personnel provided additional information and/or resolved the issues during the audit. Additionally, Texas Tech University System Regulation 07.07, <i>Employee Conduct, Coaching, Corrective Action and Termination</i>, addresses expectations and potential disciplinary actions for all employees of the System and includes wording specific to violations of TEC 51.3525.</p>	Incomplete/ongoing The recommendation to develop and implement a comprehensive monitoring program is not yet due.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			However, TTUHSC El Paso has not formally developed, documented, or implemented a comprehensive monitoring program to help ensure sustained compliance with TEC 51.3525. Compliance requires an ongoing process to ensure the institution consistently adheres to laws, regulations, and policies. While TTUHSC El Paso put forth considerable effort to achieve initial compliance with TEC 51.3525, the effort must be sustained as new employees and students join the institution who may not be aware of TEC 51.3525 requirements. A robust monitoring program will provide reasonable assurance to the president, chancellor, and Board of Regents that the institution remains in compliance with TEC 51.3525. The president has responded with an institutional action plan to implement such a program.	
2024029	7/25/2024	Contracting Office Processes	The objectives of this audit were to evaluate the Contracting Office's contract formation and review processes and to evaluate whether access to the ASC contract management software is appropriately limited. Contracts are signed by individuals that have not been delegated signature authority. Additionally, the Contracting Office does not have processes to ensure conflicts of interest are managed and statutorily-required training is completed. Based on an analysis of time from initial upload to contract execution, auditors separately communicated detailed information to Contracting Office management regarding opportunities to enhance efficiency and further reduce the average contract routing time. These opportunities primarily relate to enhanced communication with contract reviewers including the requesting department, Information Technology, General Counsel, and other departments.	Incomplete/ongoing Recommendations related to signature authority and conflict of interest disclosure have been implemented. The remaining recommendation related to state-required training is in progress.
2024062	7/30/2024	Research Data Security and Controls	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Incomplete/ongoing Recommendations are not yet due.

Audits Completed

Angelo State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023039a	10/9/2023	Norris-Vincent College of Business Commercial Aviation Program	<p>The objectives of this engagement were to evaluate the Commercial Aviation Program's internal controls over contract compliance and financial transactions; and to evaluate the University's emergency preparedness procedures, crisis management, and related insurance coverages for addressing aviation-related events. The University has established emergency preparedness and crisis management procedures to protect the University should there be aviation-related incidents. However, the Commercial Aviation Program has not developed processes and related controls that provide reasonable assurance as to the accuracy and reliability of financial transactions, or compliance with contract terms and University operating policies. The Program has not documented its internal policies and procedures for reconciliation, contract management, or overall monitoring of Program activities. Further, existing reconciliations of flight instruction hours and payments to Skyline Aviation do not identify errors or discrepancies in a timely manner, and significant contracts are not monitored for performance or compliance.</p> <p>Management agreed with recommendations to develop foundational processes and controls through documenting internal policies and procedures, reviewing invoices prior to approval, reconciling the end of semester flight instruction hours, and monitoring contract compliance and vendor performance. Further, management can strengthen processes through identifying additional personnel to complete reconciliations and monitor contract compliance.</p> <p>Additional risks identified during the engagement that were not addressed in this audit are as follows:</p>	<p>Incomplete/ongoing</p> <p>Recommendations related to periodic reconciliations, increased data transparency, and documented policies and procedures have been implemented.</p> <p>Recommendations related to reconciliation of student flight hours, contract administrator, and conflict of interest/commitment management are in progress.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<ul style="list-style-type: none"> As the Program continues to grow, the financial impact of Hazelwood Act tuition and fees exemptions will continue to increase. The University is addressing this risk by increasing the Hazelwood exemption allocation to the Program, which is expected to increase proportional to the growth in Program enrollment. Students could enroll in the Program to acquire a private pilot's license, paid through either the Hazelwood Act exemption or federal financial aid, then withdraw from the University without completing a degree. The Program is addressing this risk through its recruitment, admission, and advising activities. 	
2023039b	10/4/2023	Skyline Aviation Contract	During performance of the Commercial Aviation Program audit, auditors identified issues related to formation and monitoring of ASU's contract with Skyline Aviation to provide flight instruction necessary for the Commercial Aviation Program. Specifically, the contract does not comply with applicable State of Texas procurement statutes, the Texas Tech University System (TTUS) Contract Management Handbook, or University Operating Policies (OPs), and is missing key documents required to support compliance with OPs. Management agreed with recommendations for University administrators to address all areas of non-compliance by updating the contract's terms and conditions and retroactively documenting decisions made during contract formation.	Incomplete/ongoing One recommendation related to contract formation is implemented and another is in progress.
2024020	10/24/2023	Joint Admission Medical Program (JAMP)	The objective of this required audit was to determine whether ASU complied with the JAMP Agreement and the JAMP Expenditure Guidelines. ASU has implemented sufficient oversight and monitoring procedures to ensure the JAMP grant is administered in compliance with the JAMP Agreement. In addition, fiscal years 2022 and 2023 expenditures comply with the JAMP Expenditure Guidelines. Finally, all unexpended funds for fiscal years 2021 and 2022 have been returned. The	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>return of unexpended funds for fiscal year 2023 was pending the submission of the JAMP Expenditure Report.</p> <p>For the fiscal years ended August 31, 2022 and 2023, JAMP awarded \$12,972 and \$12,926, respectively, to ASU, of which \$4,710 and \$10,669 in unexpended funds was returned. ASU's JAMP continues to experience a decline in recruiting and number of participants and has been unable to fill a vacant part-time position, resulting in the return of a significant portion of the grant during the past three years. Auditors encouraged the JAMP Faculty Director to collaborate with other JAMP faculty directors across the state to identify ways of increasing recruiting and participation, thus minimizing the amount of unspent funds returned each year.</p>	
2023049	11/1/2023	Maxient Application Security and Controls	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Implemented
2024056	11/3/2023	Physical Therapy Cargile Professorship Funds	<p>Following questions about certain expenditures by a Physical Therapy professor, the objective of this engagement was to review purchases charged to the Cargile Professorship funds for fraud and abuse. Auditors reviewed purchases from the Cargile Professorship funds from fiscal year 2020 (when the funds were first awarded) through fiscal year 2023 (as of August 21, 2023) and conducted interviews with the Physical Therapy professor and other departmental personnel. Overall, purchases from the Cargile Professorship were reasonable and auditors did not find evidence of fraud or abuse. Certain computer devices purchased with the funds are located at the professor's personal residence as the professor does not have a designated lab space on campus. Auditors verbally recommended that management find space on campus for the professor to store or set up the necessary equipment for research and suggested management implement an internal approval process for Cargile Professorship purchases.</p>	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024018	2/20/2024	Carr Foundation 2023 Financial Statements	The independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, performed the annual audit of the Angelo State University Carr Scholarship Foundation for the year ended August 31, 2023. 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.
2024031	4/22/2024	Hispanic Serving Institution- STEM Grant Compliance	<p>The objective of this engagement was to ensure grant expenditures for the HSI-STEM¹ grant, <i>Critical Pathway to STEM</i>, comply with the grant agreement and governing regulations. The original scope of the audit included grant expenditures from October 1, 2021, through September 30, 2023. The scope was later expanded to include all travel and procurement card expenditures through December 31, 2023. The University was awarded \$4,776,979 to fund certain initiatives over five years, beginning October 1, 2021. Through December 31, 2023, the University has expended \$1,182,683 of the grant.</p> <p>Expenditures for the HSI-STEM grant generally comply with federal regulations and are in support of the approved grant proposal. Auditors tested \$1,132,789, occurring between October 1, 2021, and December 31, 2023, and found \$85.99 of unallowable costs and non-compliance with federal administrative procedures and University Operating Policies. Additionally, internal controls and processes for monitoring and ensuring compliance are minimal, a direct result of consistent turnover in the Grant Project Director position. Management agreed with recommendations to reimburse the</p>	<p>Incomplete/ongoing</p> <p>Recommendations related to unallowable expenditures and inventory have been implemented.</p> <p>Recommendations related to review and approval procedures for expenditures and compliance with University operating policies are in progress.</p>

¹ In summer 2021, Angelo State University was awarded a Hispanic Serving Institution (HSI) grant entitled *Critical Pathway to STEM (ISEC)*. The grant proposed to “enhance ASU’s enrollment, retention and graduation rates for Hispanic, low-income and other under-represented student groups in the science, technology, engineering and mathematics (STEM) fields.”

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Department of Education for the unallowable expenditures and to enhance inventory tracking, review and approval procedures for expenditures, and compliance with University OPs. Management also will ensure expenditure supporting documentation includes more clearly defined business purposes and justifications that align with grant initiatives.	
2024019	5/16/2024	ASU Foundation, Inc. 2023 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, 2023. 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.
2024052	7/24/2024	Supplemental Designated Tuition	<p>Beginning in fiscal year 2021, ASU began collecting supplemental designated tuition (i.e., differential tuition) for upper-level engineering and certain upper-level and graduate business courses in the College of Science and Engineering and Norris-Vincent College of Business, respectively. Supplemental designated tuition is assessed at the course level on a per semester credit hour basis and utilized to offset the higher cost of faculty and the delivery of instruction in engineering and business courses.</p> <p>Overall, supplemental designated tuition revenue to date was appropriately collected and utilized for its intended purpose. Specifically, from fiscal year 2021 through the Spring 2024 term, 15% of supplemental designated tuition revenue was set aside for resident undergraduate and graduate student financial assistance as is statutorily mandated. The remaining 85% was utilized to fund the salaries of faculty members paid on designated funds who taught at least one course during the applicable fiscal year that was subject to supplemental designated tuition. However, there is not an annual process to</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			confirm supplemental designated tuition is fully utilized for its intended purpose and to communicate its utilization to the Norris-Vincent College of Business and David L. Hirshfeld Department of Engineering. Management plans to provide an annual report of revenues and expenditures.	
2024046e	7/25/2024	Senate Bill 17 Compliance Review	<p>The objectives of this engagement were to determine actions taken by ASU to identify and address the compliance requirements in Senate Bill 17, “Responsibility of Governing Boards Regarding Diversity, Equity, and Inclusion Initiatives,” codified as Texas Education Code (TEC) 51.3525 with an effective date of January 1, 2024, and to determine whether processes are in place to ensure sustainable compliance with TEC 51.3525.</p> <p>Overall, ASU has taken necessary steps to address the compliance requirements in TEC 51.3525. The institution’s approach has been to abide not only by the letter of the law, but also by the spirit of the law. As auditors identified potential issues, ASU personnel provided additional information and/or resolved the issues during the audit. Additionally, Texas Tech University System Regulation 07.07, <i>Employee Conduct, Coaching, Corrective Action and Termination</i>, addresses expectations and potential disciplinary actions for all employees of the System and includes wording specific to violations of TEC 51.3525.</p> <p>However, ASU has not formally developed, documented, or implemented a comprehensive monitoring program to help ensure sustained compliance with TEC 51.3525. Compliance requires an ongoing process to ensure the institution consistently adheres to laws, regulations, and policies. While ASU put forth considerable effort to achieve initial compliance with TEC 51.3525, the effort must be sustained as new employees and students join the institution who may not be aware of TEC 51.3525 requirements. A robust monitoring</p>	<p>Incomplete/ongoing</p> <p>The recommendation to develop and implement a comprehensive monitoring program is pending an update from management.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			program will provide reasonable assurance to the president, chancellor, and Board of Regents that the institution remains in compliance with TEC 51.3525. The president has responded with an institutional action plan to implement such a program.	
2024043	7/30/2024	Degree Works Application Controls	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Incomplete/ongoing One recommendation is implemented, and one is in progress.

Audits Completed

Midwestern State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023019	8/24/2023	MSU Foundation, Inc. 2022 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, 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.
2024021	10/30/2023	Joint Admission Medical Program (JAMP)	<p>The objective of this required audit was to determine whether MSU complied with the JAMP Agreement and the JAMP Expenditure Guidelines. MSU is partially in compliance with the JAMP Agreement; two Agreement requirements related to program oversight were not performed during the grant period. Expenditures for fiscal years 2022 and 2023 complied with the JAMP Expenditure Guidelines; however, expenditure documentation did not include appropriate approvals, and expenditure monitoring was not performed. Finally, all unexpended funds for fiscal years 2021, 2022, and 2023 have been returned.</p> <p>For the fiscal years ended August 31, 2022 and 2023, JAMP awarded \$12,510 and \$12,530, respectively, to MSU, of which \$4,090 and \$1,486 in unexpended funds was returned. The University's JAMP continues to experience a lower number of participants, resulting in the return of a significant portion of the grant during the past three years. Auditors encouraged the JAMP Faculty Director to collaborate with other JAMP faculty directors across the state to identify ways of increasing recruiting and participation, thus minimizing the amount of unspent funds returned each year.</p>	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023051	11/2/2023	Institutional Reporting Processes	<p>The MSU Office of Institutional Effectiveness 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). 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>Overall, MSU's external survey governance processes are ineffective, resulting in numerous inconsistencies between external surveys and a lack of supporting documentation for submitted reports, review processes, and policy guidance. In all but one instance, the lack of supporting documentation for submitted reports prevented auditors from validating certain information reported in IPEDS and the CDS and ensuring data classification aligned with applicable reporting requirements. Data classification was reviewed related to the undergraduate class section size information reported in the CDS, but auditors found that the data reported did not align with CDS reporting requirements. Management agreed with recommendations to implement strong external survey governance processes.</p>	Implemented
2024022	1/15/2024	Intercollegiate Athletics FY2023 NCAA Financial Agreed-Upon Procedures	FORVIS, LLP, an independent CPA firm, performed agreed-upon procedures at MSU required every three years by the NCAA. For the year ended August 31, 2023, 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.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024044a	1/25/2024	Building Access Controls – Key Management Access	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>During the planning phase of this audit, auditors identified risks but did not perform additional work as management agreed to engage our office to provide guidance on the implementation of the new software, internal controls, and process efficiencies.</p>	No recommendations to implement.
2024044b	1/25/2024	Building Access Controls – Electronic Access	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>During the planning phase of this audit, auditors identified risks but did not perform additional work as management agreed to engage our office to provide guidance on internal controls and process efficiencies.</p>	No recommendations to implement.
2024046f	7/23/2024	Senate Bill 17 Compliance Review	<p>The objectives of this engagement were to determine actions taken by MSU to identify and address the compliance requirements in Senate Bill 17, “Responsibility of Governing Boards Regarding Diversity, Equity, and Inclusion Initiatives,” codified as Texas Education Code (TEC) 51.3525 with an effective date of January 1, 2024, and to determine whether processes are in place to ensure sustainable compliance with TEC 51.3525.</p> <p>Overall, MSU has taken necessary steps to address the compliance requirements in TEC 51.3525. The institution’s approach has been to abide not only by the letter of the law, but also by the spirit of the law. As auditors identified potential issues, MSU personnel provided additional information and/or resolved the issues during the audit. Additionally, Texas Tech University System Regulation 07.07, <i>Employee Conduct, Coaching, Corrective Action and Termination</i>, addresses expectations and potential disciplinary actions for all employees of the System and includes wording specific to violations of TEC 51.3525.</p>	<p>Incomplete/ongoing</p> <p>The recommendation to develop and implement a comprehensive monitoring program is not yet due.</p>

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			However, MSU has not formally developed, documented, or implemented a comprehensive monitoring program to help ensure sustained compliance with TEC 51.3525. Compliance requires an ongoing process to ensure the institution consistently adheres to laws, regulations, and policies. While MSU put forth considerable effort to achieve initial compliance with TEC 51.3525, the effort must be sustained as new employees and students join the institution who may not be aware of TEC 51.3525 requirements. A robust monitoring program will provide reasonable assurance to the president, chancellor, and Board of Regents that the institution remains in compliance with TEC 51.3525. The president has responded with an institutional action plan to implement such a program.	

Consulting Engagements Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2023029	10/4/2023	MSU Policy Management Implementation Review	The objectives of this advisory engagement, developed in consultation with management, were to assist MSU in documenting the policy development process, facilitating conversations with stakeholders, and reviewing training materials related to implementation of MSU's new policy management software. Although auditors facilitated the establishment, development, and/or implementation of certain policy development processes and procedures, auditors did not assume management responsibility for adopting, approving, or implementing any policies or processes.	No management response was required for this advisory engagement.
2023046	10/5/2023	TTUHSC Julia Jones Matthews School of Population and Public Health	The objective of this management advisory engagement was to evaluate the School's grant administration processes to determine if internal controls provide effective grant management and ensure funds are utilized in accordance with grant agreements. Overall, management has implemented certain controls within the School's grant administration processes to ensure funds are utilized in accordance with grant agreements. Additionally, School personnel submit effort certifications timely. However, auditors identified additional opportunities to further strengthen the grant administration control structure through improving segregation of duties and documenting reconciliations, monitoring activities, and other internal policies and procedures.	No management response was required for this advisory engagement.
2023064	11/1/2023	MSU Enrollment Management Processes and Data Security – Interim Report No. 2	<u>This report was issued as confidential and is excepted from public disclosure.</u> This management advisory engagement was added to the prior year annual audit plan after auditors learned of certain information technology risks. To address risks, communication issues, and resource constraints, Audit Services has undertaken a project management role to facilitate the implementation of the highest priority enrollment management applications. The	No recommendations to implement. Work was ongoing to monitor the implementation status of prioritized projects and any associated risks.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>objectives of the engagement are to facilitate collaboration between the divisions of Enrollment Management and Information Technology (IT) 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.</p> <p>Updates since the last interim report include:</p> <ul style="list-style-type: none"> • In August 2023, Enrollment Management and Information Technology (IT) successfully implemented an application to allow prospective students to securely submit confidential documents. With this successful implementation, the risk of potential data breaches is significantly reduced. • Many enrollment management processes are manual and require duplicate data entry across multiple applications. The inefficiencies also impact the Enrollment Management departments' ability to support the University's strategic initiatives to increase enrollment. Enrollment Management and IT are working diligently to address the manual processes and inefficiencies. Efforts to integrate applications have increased and testing activities continue to be successful. 	
2023064	2/6/2024	MSU Enrollment Management Processes and Data Security – Interim Report No. 3	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>A new risk since the last interim report involves the resignation of the MSU Financial Aid Director as of December 31, 2023. The former director was the project leader for the integration of two applications that are in various stages of completion. The project leader roles have been assumed by two individuals</p>	No recommendations to implement. Work was ongoing to monitor the implementation status of prioritized projects and any associated risks.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>within the Financial Aid Department, one of whom is the Vice President for Enrollment Management and Student Affairs, who has temporarily assumed the director position.</p> <p>Updates and progress related to previously reported risks include:</p> <ul style="list-style-type: none"> Enrollment Management personnel continue to meet deadlines in the implementation of the new customer relationship management application, even though three employees resigned from Admissions in December 2023. These positions were filled in January 2024; however, training new employees will prevent project leaders from offloading operational responsibilities. IT has completed updates to a prioritized application, and Enrollment Management has begun testing the updated application. Enrollment Management and IT have been working diligently to address the manual processes and inefficiencies. 	
2023064	4/19/2024	MSU Enrollment Management Processes and Data Security – Interim Report No. 4	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>Updates and progress related to previously reported risks include:</p> <ul style="list-style-type: none"> MSU continues to implement a new customer relationship management application. Phase 1, focused on core recruiting tools, went live on April 1, 2024, and implementation of additional tools and the data integration with the Banner Enterprise Suite (Banner) will continue through August 2024. The Financial Aid Director position remains vacant, and the Vice President for Enrollment Management and Student Affairs has temporarily assumed the director responsibilities. The Financial Aid 	No recommendations to implement. Work was ongoing to monitor the implementation status of prioritized projects and any associated risks.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<p>Department continues to navigate through significant challenges that stem from the delayed availability of the U.S. FAFSA (Free Application for Federal Student Aid). The Financial Aid Department is currently packaging federal student aid for the 2024-2025 academic year and sending award letters to students.</p> <ul style="list-style-type: none"> Enrollment Management and IT have been working diligently to address the manual processes and inefficiencies. Enrollment Management and IT successfully completed the update to a prioritized application in March 2024, and in time for academic advising for the 2024-2025 academic year. However, challenges remain regarding the timing of when students receive access to the MSU portal, impacting the students' admission experience. 	
2024059a	7/26/2024	MSU CBORD/CS Gold Implementation	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>CS Gold is a mission-critical integrated application. User management and most operational functions are primarily the responsibility of the Assistant Director of the Clark Student Center (CSC), while the IT Department is responsible for the hardware, database infrastructure, and integration with the Banner enterprise resource system.</p> <p>Formal CS Gold application training is not provided to CSC staff who administer and support CS Gold, and University departments using CS Gold are not effectively trained and have limited understanding of their responsibilities. Additionally, CSC management should establish and document departmental procedures as well as a University Operating Policy that defines expectations, institutional responsibilities, and requirements for governing electronic physical access. Lastly, improvements can be made to the current integration</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
			with Banner and the use of external files to eliminate manual data entry into CS Gold.	
2024059b	7/26/2024	MSU CS Gold and Electronic Access Governance	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>During the MSU CBORD/CS Gold Implementation management advisory engagement, auditors also noted significant governance risks related to CS Gold and processes surrounding physical keys. The University would benefit from evaluating which office should have primary oversight of CS Gold and from developing a strategy to strictly limit the issuance of physical keys.</p>	No management response was required for this advisory engagement.
2023020	7/30/2024	TTUS Foreign Influence Mitigation Program	In response to the chancellor's request that the Office of Audit Services help organize and expand efforts to mitigate risks related to foreign influence across the Texas Tech University System, our office performed this management advisory engagement. Auditors developed a series of eleven resource questionnaires to assist the institutions in their readiness assessments across processes involving foreign workers, international shipping, research, conflicts of interest and commitment, and others. Following the appointment of a Research Security Officer to work with all TTUS universities toward compliance with state and federal regulations, our office spent time providing oversight, communication, and other assistance to the Research Security Officer as needed. Although this report will close out our engagement, we will continue to provide assistance to the Research Security Officer and institutions.	No recommendations to implement.
2023064	7/30/2024	MSU Enrollment Management Processes and Data Security – Interim Report No. 5	<p><u>This report was issued as confidential and is excepted from public disclosure.</u></p> <p>Updates and progress related to previously reported risks include:</p>	No recommendations to implement. Work as ongoing to monitor the implementation status of prioritized projects and any associated risks. The

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			<ul style="list-style-type: none"> • The data integration of a customer relationship management application with the Banner Enterprise Suite and implementation of additional tools will continue through August 2024. • In April, the Admissions team was tasked with implementing the Common App, another admission application tool for prospective students, by August 1. The Common App's aggressive implementation timeline impacts the same individuals tasked with implementing the customer relationship management application. • Despite the significant challenges stemming from the delayed availability of the U.S. FAFSA (Free Application for Federal Student Aid), the Financial Aid Department has processed more federal student aid packages as of June 2024 than the same time period last year. • The timing of when students are issued an MSU technology account and access to the myMSUTexas Portal is a significant challenge for Enrollment Management. If access were provided when a student applies to MSU (versus waiting until formal admission), the submission of documents and other paperwork could be streamlined, improving processing time and efficiencies. IT has historically preferred the current process to reduce the number of accounts that must be manually deprovisioned later. • New positions and tools in IT are positively impacting the University, particularly related to preparatory work for an upgrade in Banner technology, slated to be complete by December 2024. Communication led by IT between IT and other University departments will be critical to the success of the upgrade, which will impact all employees and students. 	closeout report was issued to management in October 2024.

External Quality Assurance Review

Our most recent external quality assurance review, dated October 2, 2024, 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 page. Our next external quality assurance review will be conducted during fiscal year 2027.

External Quality Assurance Review



Office of Audit, Risk, and Compliance
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October 2, 2024

Ms. Kim Turner, CPA
Chief Audit Executive (CAE)
Texas Tech University System

Dear Ms. Turner,


In August 2024, the Texas Tech University System (TTUS) Office of Audit Services (OAS) completed a self-assessment of internal audit (IA) 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 (Board), 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 their self-assessment.


The primary objective of the validation was to verify the assertions made in the QAR report concerning OAS's conformance with 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 requirements imposed by the Texas Internal Auditing Act (Texas Government Code, Chapter 2102).

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 Standards. "Partially conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the IA 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 IA activity from performing adequately in all or in significant areas of its responsibilities.


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

Sincerely,

Sharon M. Kurek, CPA, CCEP, CFE 
Vice President & Chief Risk Officer
Virginia Tech

Paul Tyler, CIA, CRMA, CFE 
Chief Audit Executive
University of Texas at San Antonio

Marvell "Chip" Bivins, Jr., CPA 
Chief Audit and Compliance Officer
University of Alabama System

Amy Wilegus, CPA, CISA, CRISC 
Executive Director of Internal Audit
University of Tennessee System

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
An equal opportunity, affirmative action institution

Other Value-Added Activities

<i>Service to Texas Tech University System and Component Institutions</i>	
Activity	Impact
Served as TTUS Values Culture Ambassadors, Engagement Team Leader, and Values Ambassadors Team Chairwoman 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
Participated in the Enterprise Risk Management (ERM) Committee for Texas Tech University System Administration	Oversaw collection of risk information to facilitate timely reporting of ERM information to the Board of Regents
Participated in implementation meetings for a new vendor management software system for TTUS (TTU, TTUHSC, and TTUHSC El Paso)	Contributed to the implementation team's oversight of the new system
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
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

Other Value-Added Activities

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
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 TTUSA and component institution employees	Heightened the awareness of the need for a strong control environment and presented specific best practices related to cash controls
Presented financial literacy and fraud training for ASU Registered Student Organizations	Heightened the awareness of the need for a strong control environment and of fraud indicators 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 Immediate Past President and Membership Chair 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, President-Elect, 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 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

Other Value-Added Activities

Presented training sessions for ACUA	Contributed to the profession of internal auditing and strengthened knowledge base
Attended TXCPA Leadership training	Strengthened professional commitments and knowledge base
Presented on the value of a CPA license and professional organizations for TTU, Lubbock Christian University, and South Plains College Accounting students	Contributed to the accounting pipeline and profession
Participated in the external quality assurance review at UT Southwestern	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	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 2025

The annual audit plan for Texas Tech University System for the year ending August 31, 2025, was approved by the Audit Committee of the Board of Regents on August 8, 2024. 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 48 planned engagements included in the annual plan. The planned engagements include audits to address the various types of risks, including foreign influence and foreign gift and contract reporting, research data security, finance system security, travel and accounts payable processes, and information technology.

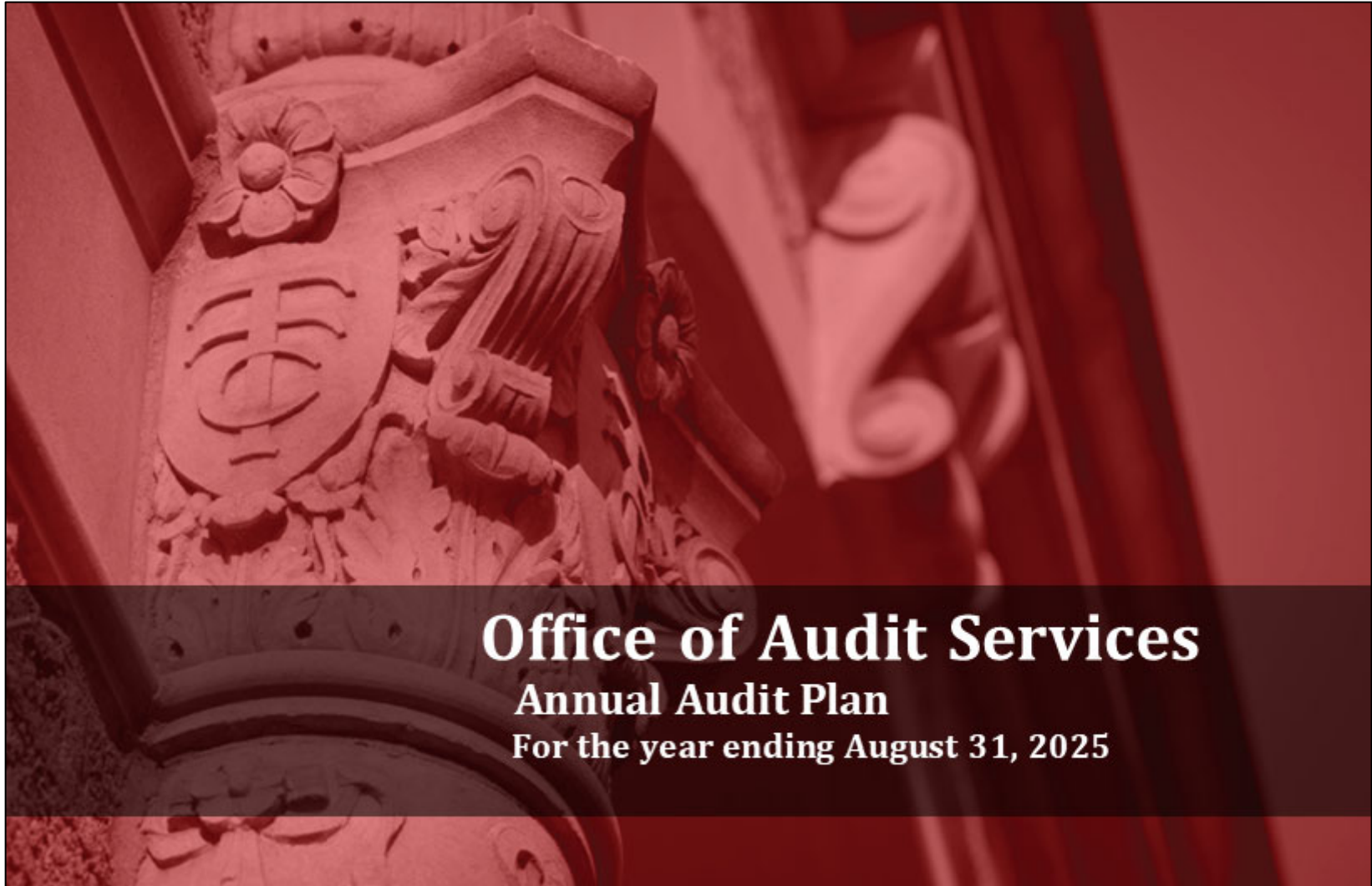
All previous requirements related to internal audits of benefits proportional by method of finance were completed and submitted as required in prior years. No additional audits related to benefits proportionality were required or included in the 2025 annual audit plan.

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, TTUS Software License Management Processes, and TTU Foreign Gift and Contract Reporting.

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, as well as the Texas Cybersecurity Framework are 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 2025 is included on the following pages.

Annual Plan for Fiscal Year 2025



Annual Plan for Fiscal Year 2025



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Annual Plan for Fiscal Year 2025

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 2025

(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, environmental, and reputational 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 2025 annual audit plan fall into these categories: campus safety & security, cybersecurity, data management, artificial intelligence, emergency preparedness, employee recruitment & retention, enrollment management, governance, accreditation, stakeholder relationships, 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 2025 Annual Audit Plan, there are other mitigating activities and follow-up engagements that address these risks.

Annual Plan for Fiscal Year 2025

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 20,300 hours.

Type of Service		Total	% of Total	Description
Risk-Based Engagements				
	Assurance	10,600	52%	Audits of operations and processes to address identified risks
	Management Advisory and Consulting	1,250	6%	Consulting engagements requested or identified
	Follow-Up	800	4%	Follow-up on management action plans from prior audits
Required Engagements		1,200	6%	Engagements required by statute, external entities, policies, etc.
Investigations		2,500	13%	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
		20,300	100%	

Annual Plan for Fiscal Year 2025



Planned Engagements

Texas Tech University

Intercollegiate Athletics	Operational/Compliance
Foreign Gift and Contract Reporting	Compliance
Student Engagement Hub Application and Data Security Controls	IT Controls
High Performance Computing Center General Controls Review	IT Controls
School of Veterinary Medicine	Compliance/Controls
Talkington College School of Music	Financial/Controls
Chief Information Officer Transition	Management Advisory
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
Joint Admission Medical Program Grants	Compliance
SACS Financial Statement Review	Financial (assist)

Annual Plan for Fiscal Year 2025

Texas Tech University Health Sciences Center

School of Nursing	Operational
School of Medicine	Operational
Research Data Security and Controls	IT Controls/Compliance
Foreign Influence Risk Mitigation	Management Advisory
Accounts Payable Processes	Operational/Controls
Correctional Managed Health Care Contract	Compliance
Joint Admission Medical Program Grants – Lubbock SOM	Compliance

Annual Plan for Fiscal Year 2025

Texas Tech University Health Sciences Center El Paso

Dental Oral Health Clinic Billing Processes
Police Department
Network and Server Security
PLFSOM Department of Molecular and Translational Medicine
Facilities and Services
Joint Admission Medical Program Grants – PLFSOM

Financial/Controls
Operational
IT Controls
Financial/Controls
Operational/Controls
Compliance

Annual Plan for Fiscal Year 2025

Angelo State University

Title IX Program	Operational/Compliance
Scholarship Value Proposition	Management Advisory
Travel Office Processes	Operational
Office of Business Services and Special Events	Operational/Financial
Carr Foundation Financial Statements	Financial (assist)
ASU Foundation, Inc. Financial Statements	Financial (assist)
Texas Higher Education Coordinating Board Facilities Audit	Compliance

Annual Plan for Fiscal Year 2025

Midwestern State University

Banner Security
Accounts Payable Processes
Wilson School of Nursing HRSA Grant
Faculty Load and Compensation
Joint Admission Medical Program Grants
MSU Foundation, Inc. Financial Statements

IT Controls
Operational/Controls
Financial/Compliance
Operational/Mgt Advisory
Compliance
Financial (assist)

Annual Plan for Fiscal Year 2025

Texas Tech University System & Components

Software License Management Processes	Compliance
One Health Initiative	Management Advisory
Pharmaceutical Receipt Processes	Controls
Office of Investments	Controls
Fee-for-Service Billing and Collection	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)

Annual Plan for Fiscal Year 2025



Nature of Work

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 2025

(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

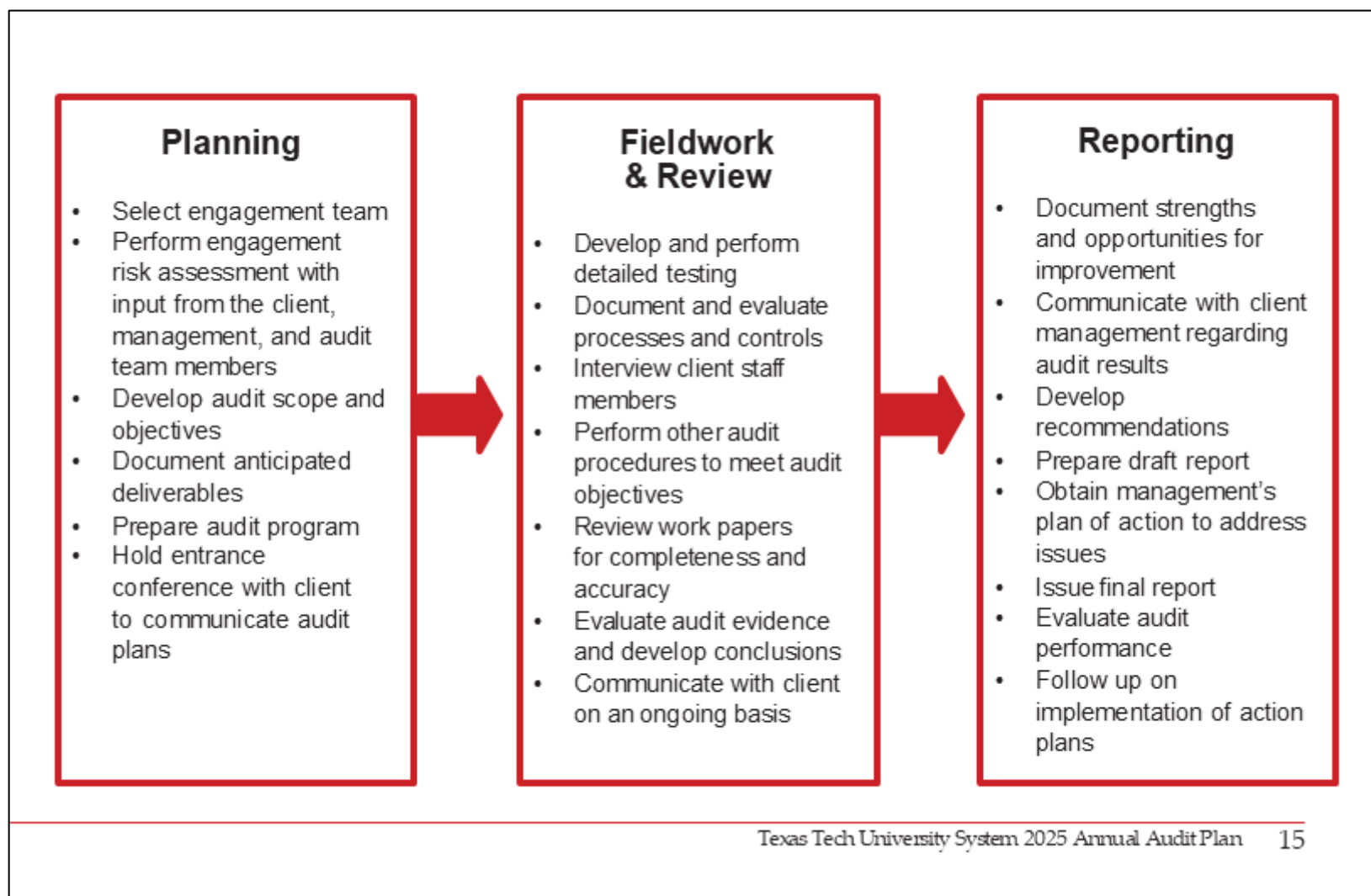
Annual Plan for Fiscal Year 2025



Audit Process

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 2025



Annual Plan for Fiscal Year 2025



Accountability

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 2025

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 achieve broad coverage of risks.
- Achieve superior client satisfaction.
- Achieve internally and externally imposed engagement deadlines.
- Effectively utilize resources.

External Audit Services Procured

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. 2023 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System and Components	Cancer Prevention and Research Institute of Texas (CPRIT) Grant Funds Program-Specific Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System	Construction Project Expenses: TTU Talkington College of Visual and Performing Arts Theatre and Dance Complex Phase II	R.L. Townsend & Associates, LLC
Texas Tech University	Red Raider Facilities Foundation, Inc. 2023 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Texas Tech Public Media 2023 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Intercollegiate Athletics Agreed-Upon Procedures	Forvis, LLP
Texas Tech University	Operations Division Project Management Processes Review	R.L. Townsend & Associates, LLC
Angelo State University	ASU Foundation, Inc. 2023 Financial Statement Audit	Armstrong, Backus & Co., LLP
Angelo State University	Robert G. Carr and Nona K. Carr Scholarship Foundation 2023 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP

External Audit Services Procured

Midwestern State University	MSU Foundation, Inc. 2022 Financial Statements	Hupp, Bauer, Hanson & Lewis
Midwestern State University	Intercollegiate Athletics Agreed-Upon Procedures	Forvis, LLP

Reporting Suspected Fraud and Abuse

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

- Fraud Reporting. Article IX, Section 7.09, the General Appropriations Act (88th 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.ttuhsce.edu, www.ttuhsce.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.