



TEXAS TECH UNIVERSITY SYSTEM™



Office of Audit Services

Annual Audit Report

For the Year Ended August 31, 2025

Teresa Jack, CPA

Acting Chief Audit Executive

October 31, 2025

Transmittal Letter

October 31, 2025

Mr. Pat Gordon
Chair, Board of Regents Audit Committee
Texas Tech University System

Dear Mr. Gordon:

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, 2025. 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, 2025, we issued 68 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 that reads "Teresa Jack". The signature is written in a cursive, flowing style.

Teresa Jack, CPA
Acting 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 2025

The annual audit plan for Texas Tech University System for the year ended August 31, 2025, which is included in this report, was approved by the Audit Committee of the Board of Regents on August 8, 2024. There were 48 planned engagements included in the annual plan, and no engagements were added during the year.

Of the planned engagements, 35 were completed, 6 were in progress at year-end, 2 were carried forward to fiscal year 2026, and 5 were cancelled. The engagements carried forward to the fiscal year 2026 annual plan were TTU Student Engagement Hub Application and Data Security Controls (called TTU Raider Success Hub Application and Data Security Controls in the 2026 plan) and TTUHSC School of Medicine. The cancelled management advisory engagements were TTU/TTUHSC One Health Initiative, TTU Chief Information Officer Transition, TTUHSC Foreign Influence Risk Mitigation, and ASU Scholarship Value Proposition. One risk-based audit project, TTUHSC EP Network and Server Security, was also cancelled.

The 6 planned audits that were in progress at year-end and their current status are as follows:

Texas Tech University System

External Service Billing and Collection – Complete

Texas Tech University Health Sciences Center

Research Data Security and Controls – Complete

Texas Tech University Health Sciences Center El Paso

Police Department – Complete

Texas Tech University Health Sciences Center & Texas Tech University Health Sciences Center El Paso

Pharmaceutical Receipt Processes – Fieldwork

Angelo State University

Special Events Facilities and Services – Complete

Midwestern State University

Faculty Load and Compensation – Fieldwork

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

In addition to the planned engagements and other risk-based engagements included above, 10 planned projects and 2 investigations in progress on September 1, 2024, were completed during the year, and one planned project, TTU Faculty Hiring Processes, was subsequently cancelled. Our office began 5 investigations during the year because of reports to the Texas Tech Fraud and Misconduct Hotline or directly to our office.

Annual Plan for Fiscal Year 2025

Three of these engagements were completed prior to August 31, 2025. The last two were completed in September and October 2025, respectively.

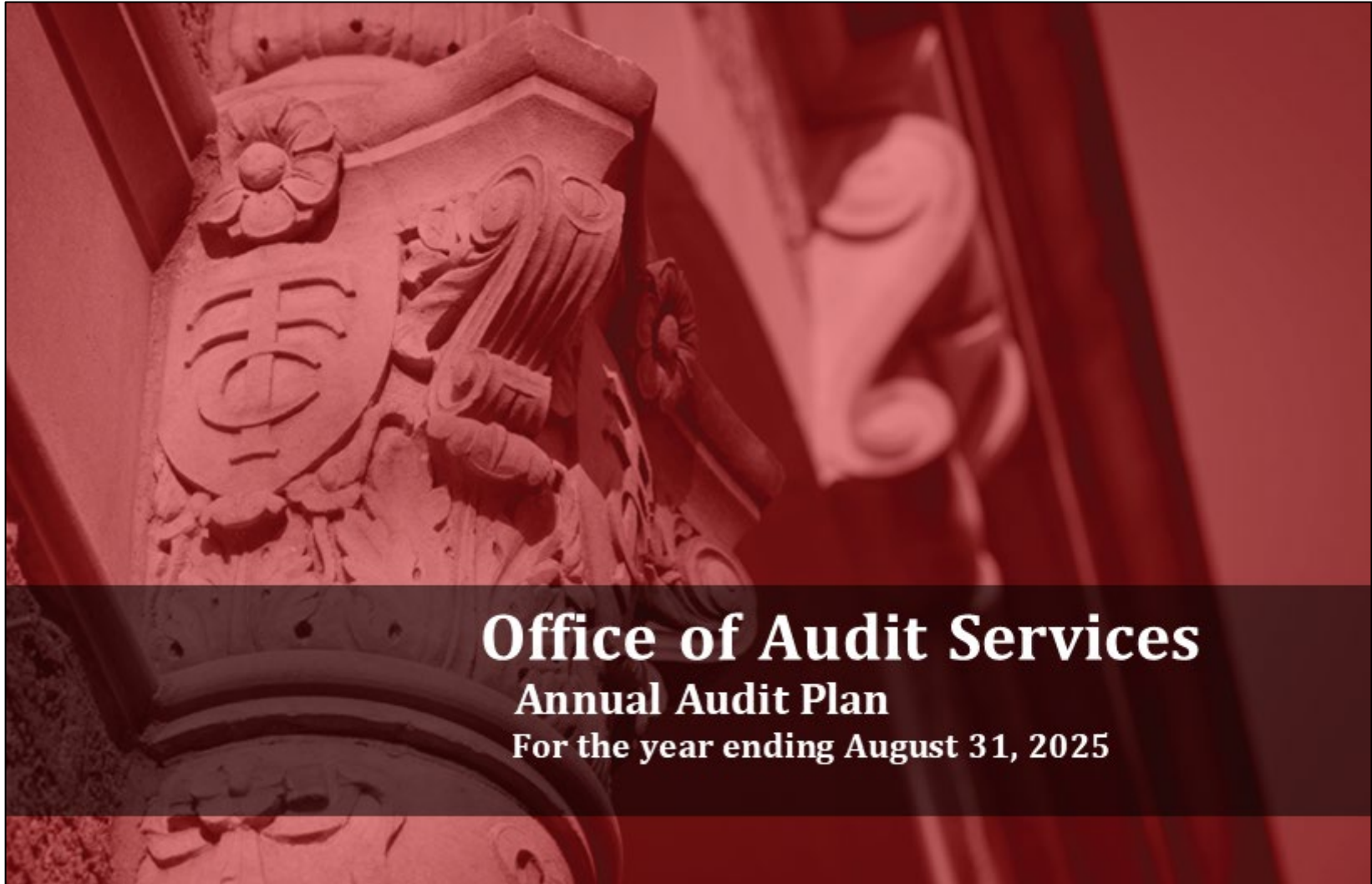
Texas Education Code, Section 51.9337(h), as added by Senate Bill 20 (84th Legislature), requires higher education institutions to annually assess whether the institution has adopted the rules and policies required by this section and submit a report of findings to the state auditor. To comply with this audit requirement, the Office of Audit Services at Texas Tech University System included an audit entitled *Contracting and Procurement Processes* on its fiscal year 2025 annual audit plan. The audit report (#2025004) was issued to management on October 28, 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 2025 include TTUS Software License Management Processes, TTUS construction audits, TTU Foreign Gift and Contract Reporting, TTUHSC Correctional Managed Health Care Contract, and TTUHSC Clinical Trial Billing Processes.

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 2025 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 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



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

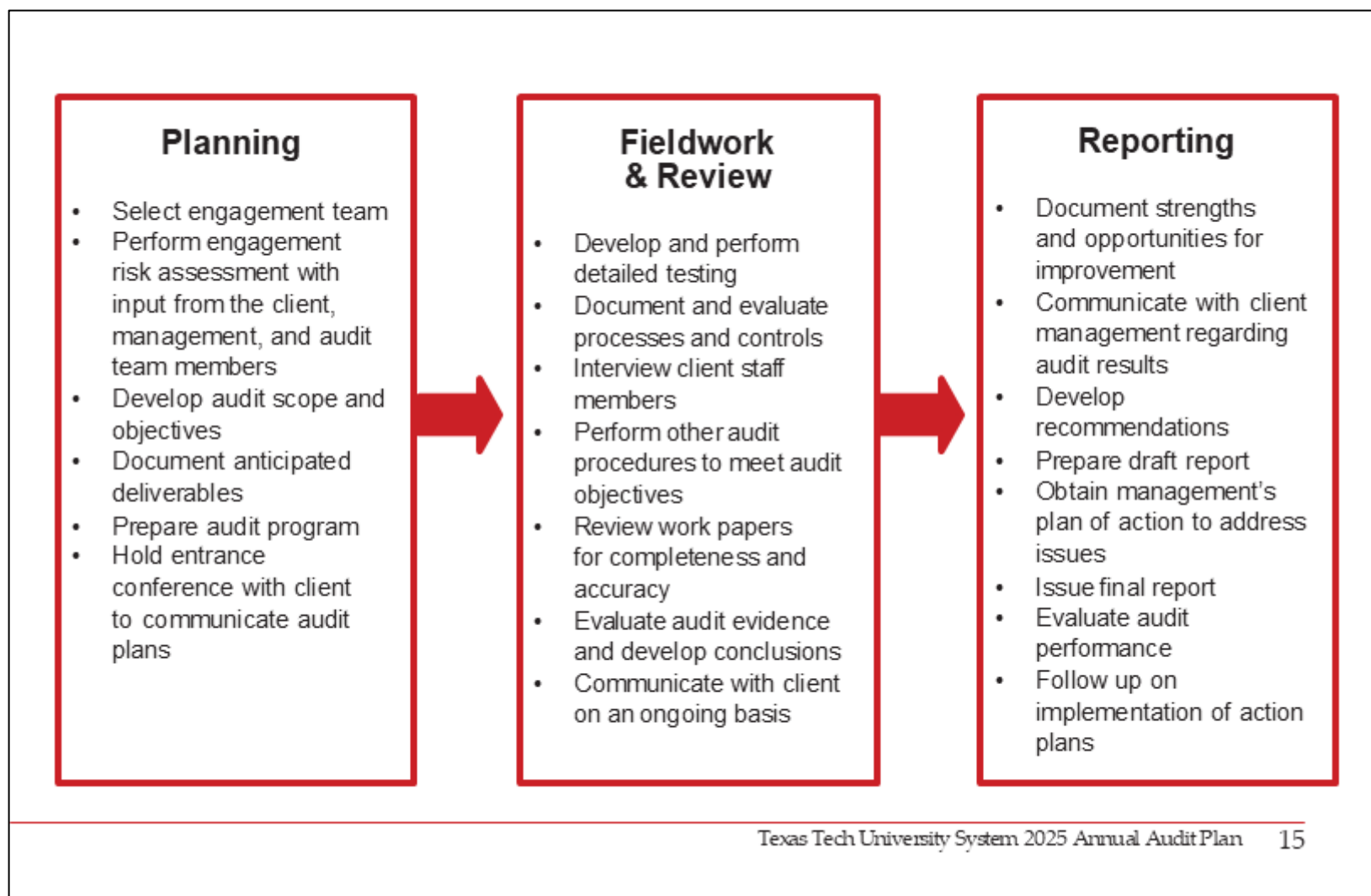
Annual Plan for Fiscal Year 2025



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



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.

Audits Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	8/20/2024	TTUS Closeout Construction Costs – TTUHSC Dallas Southwest Professional Building	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 TTUHSC's Dallas Southwest Professional Building renovations was performed by R.L. Townsend & Associates, LLC. On January 13, 2020, TTUS entered into a construction manager at risk agreement with Hill & Wilkinson General Contractors (H&W) for construction management and renovation services for the project. The guaranteed maximum price for the contract was \$16,755,040. The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 44, which was for services provided through June 30, 2024. The total amount earned as of that date, including the construction manager's fee, was \$16,429,169. The auditors identified combined unallowable costs totaling \$104,282 related to bond rates and subcontractor labor burden and rates. H&W agreed with the disallowed costs and has credited the project. The pre-construction contract review of labor rates resulted in an additional \$6,000 in cost avoidance.	No recommendations to implement.
N/A	9/6/2024	TTUS Closeout Construction Costs – TTU Academic Sciences Building	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 Academic Sciences Building renovations was performed by CBIZ Risk & Advisory Services. On July 30, 2021, TTUS entered into a construction manager at risk agreement with Western Builders of Amarillo, Inc. for construction management services for the project. The guaranteed maximum price for the contract was \$92,315,234. The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			30, which was for services provided through May 31, 2024. The total amount earned as of that date, including the construction manager's fee, was \$84,748,876. The pre-construction contract review of insurance rates resulted in \$92,039 in cost avoidance. The auditors also identified combined unallowable costs totaling \$12,084, primarily related to subcontractor change orders. Western Builders agreed with the disallowed costs and has credited the project.	
N/A	10/2/2024	Office of Audit Services External Quality Assurance Review	In preparation for our triennial external quality assurance review, the Assistant Chief Audit Executive performed a self-assessment of the operations of the Office of Audit Services. The self-assessment was performed in accordance with The Institute of Internal Auditors' (IIA's) International Standards for the Professional Practice of Internal Auditing (Standards). The self-assessment concluded that Audit Services generally conforms with the Standards, the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS), and the Texas Internal Auditing Act (the Act). The self-assessment report is embedded in the report from the external review team. The external review team conducted an independent validation of the self-assessment and agreed that Audit Services <i>generally conforms</i> with the Standards, GAGAS, and the Act in all material respects during the period under review. "<i>Generally conforms</i>" is the highest rating as defined in the IIA's Quality Assessment Manual for the Internal Audit Activity. In addition to noting a number of strengths, the peer review team provided continuous improvement recommendations related to audit scope and reporting, communication and outreach, usage of data analytics, follow-up reporting, and updated professional standards from The IIA. The team also included considerations for TTUS senior management related to TTUS's approach to enterprise risk management and compliance.	Incomplete/ongoing The recommendations related to follow-up reporting and updated professional standards have been implemented. The remaining three recommendations are in progress.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	10/24/2024	TTUS Closeout Construction Costs – ASU Carr Hall Renovation	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 ASU's Carr Hall Renovation was performed by R.L. Townsend & Associates, LLC. On November 2, 2022, TTUS entered into a design-build cost-plus services agreement with Hoar Construction (Hoar) for construction management and renovation services for the project. The guaranteed maximum price for the contract was \$7,504,625. The auditors reviewed all costs recorded and invoiced from the beginning of the project through the final payment application, which was for services provided through July 1, 2024. The total amount earned as of that date, including the construction manager's fee, was \$7,418,899. The auditors identified combined unallowable costs totaling \$33,363 related to bond and insurance rates and equipment charges. Hoar agreed with the disallowed costs and has credited the project. The pre-construction contract review of labor rates resulted in an additional \$44,614 in cost avoidance.	No recommendations to implement.
2025004	10/28/2024	FY 2025 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.
N/A	11/1/2024	Office of Audit Services 2024 Annual Report	As required by State law and Regents' Rules, we prepared the annual report for our office in accordance with guidelines established by the State Auditor's Office. The report includes the results of activities for fiscal year 2024, the latest external quality assurance review, lists of audit and non-audit engagements completed, external audit services provided to	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			TTUS and component institutions, and the 2024 and 2025 annual audit plans.	
2025021	11/21/2024	Custodian Bank Cash Controls	TTUS Investments, Treasury, and Accounting & Reporting perform a combination of weekly and monthly reconciliations of custodian bank (custodian) account transactions. The custodian also has controls in place for certain transactions, including dual-authorization and independent verification. When combined, these controls protect employees and reduce the risk of errors and fraud for all segments of TTUS's investment portfolio that are held with the custodian. However, auditors identified minor weaknesses in the segregation of duties when purchasing contingency segment investments and when reconciling Long-Term Investment Fund and noncurrent segment transactions. Additionally, most contingency segment transactions are not reconciled to supporting documentation to ensure legitimacy and accuracy. Finally, auditors identified individuals with custodian account authority that no longer have a business need.	Implemented
2025006	1/13/2025	Agreed-Upon Procedures Report on FY 2024 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 2024 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 most university policies, a few instances of double reimbursement of meals, 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 TTUS CFO's Office. The Office of Audit Services is working with management to recommend clarifications in processes 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, Audit Services did not perform follow-up procedures on the identified issues. Audit Services 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.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025033b	1/31/2025	Foreign Source Disclosure Standards of Practice	During the TTU Foreign Gift and Contract Reporting audit (#2025033a), auditors identified that Texas Tech University System Regulation 01.03, <i>Foreign Source Disclosure Standards of Practice</i> , is outdated and does not address compliance with 20 U.S. Code §1132-7. The TTUS Office of the Chief Financial Officer plans to update the policy.	Incomplete/ongoing This recommendation is pending an update from management.
N/A	2/24/2025	TTUS Closeout Construction Costs – TTUHSC School of Health Professions Midland Physician Assistant Building New Addition	Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. The TTUHSC School of Health Professions Physician Assistant Building on the Midland College Campus was extended for additional construction. This audit was performed by R. L. Townsend & Associates, LLC. On February 14, 2023, TTUS entered into a construction manager at risk agreement with AP Gulf States, Inc. (d.b.a. Adolfson & Peterson Construction) for construction management services for the project. The guaranteed maximum price for the contract was \$1,989,046. The auditors reviewed all costs recorded and invoiced from the beginning of the additional construction through payment application number 11, which was for services provided through July 31, 2024. The total amount earned as of that date, including the construction manager's fee, was \$1,916,506. As a result of the audit, TTUS realized \$2,571 in savings related to general liability insurance and avoided cost of \$2,482 related to payroll burden and cell allowance general conditions. Adolfson & Peterson Construction agreed with the disallowed cost and has credited the project.	No recommendations to implement.
N/A	3/3/2025	TTUS Closeout Construction Costs – TTUHSC School of Health Professions Midland Physician Assistant Building	Our annual audit plan includes audits of construction projects to ensure costs and fees are invoiced in accordance with the associated contracts. The TTUHSC School of Health Professions Physician Assistant Building on the Midland College Campus project included an addition to the Aaron Medical Sciences Building as well as renovation to existing educational spaces. This audit was performed by R. L.	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Townsend & Associates, LLC. On July 22, 2020, TTUS entered into a construction manager at risk agreement with AP Gulf States, Inc. (d.b.a. Adolfson & Peterson Construction) for construction management services for the project. The guaranteed maximum price for the contract was \$20,487,457. The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 31, which was for services provided through May 31, 2023. The total amount earned as of that date, including the construction manager's fee, was \$20,454,745. As a result of the audit, TTUS realized \$70,254 in savings and avoided cost of \$27,605, primarily related to labor rates. Adolfson & Peterson Construction agreed with the disallowed costs and has credited the project.	
2025005	3/21/2025	Texas Tech Foundation, Inc. FY 2024 Financial Statements	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, 2024. 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.
2025003	5/15/2025	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 26 grants totaling more than \$55 million at TTUHSC, TTUHSC El Paso, and TTU, of which \$7.9 million was expended during fiscal year 2024. The audit concluded that the institutions complied in all material respects with the compliance requirements that could have a direct and material effect on CPRIT awards. In addition, the auditors did not note any deficiencies in internal controls that they consider to be material weaknesses.	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	6/2/2025	TTUS Closeout Construction Costs – ASU Aviation Program Training Facility	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 ASU's Aviation Program Training Facility was performed by R. L. Townsend & Associates, LLC. On September 12, 2023, TTUS entered into a construction manager at risk agreement with Hoar Construction for construction management services for the project. The guaranteed maximum price for the contract was \$6,739,684. The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 13, which was for services provided through February 28, 2025. The total amount earned as of that date, including the construction manager's fee, was \$6,292,196. As a result of the audit, TTUS realized a credit of \$39,031 for amounts billed that did not comply with the terms of the contract. Hoar Construction agreed and credited the project.	No recommendations to implement.
N/A	8/6/2025	Office of Audit Services Quality Assurance Activities	In accordance with generally accepted government auditing standards (GAGAS) Standards 5.128 and 5.129, which require audit organizations to evaluate their system of quality management at least annually, Acting Chief Audit Executive Teresa Jack completed a review of our office's quality assurance activities. Her procedures also included following up on recommendations from prior external peer review reports. Ms. Jack concluded that the Office of Audit Services' system of quality management provides reasonable assurance that audits and other engagements are performed and reports are issued in accordance with professional standards.	No recommendations to implement.
N/A	8/14/2025	Office of Audit Services 2026 Annual Audit Plan	In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we prepared our 2026 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,	No recommendations to implement.

Audits Completed

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

Audits Completed

Texas Tech University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024066	9/3/2024	Department of Animal and Food Sciences Fleet Fuel Card Investigation	Auditors conducted this investigation after management of the TTU Department of Animal and Food Sciences (Department) provided notification of fraudulent charges by a former employee. The Department manages a fleet of vehicles, each with an associated fleet fuel card (card) for purchasing fuel and for maintenance costs. One Department employee who retired in January 2024 was solely responsible for managing fleet inventory and reconciling card transactions. After her retirement, Department staff found that the card associated with a previously surplus vehicle had incurred fraudulent charges. Texas Tech Police Department's investigation confirmed the retired employee was responsible for the fraudulent purchases and criminal charges have been filed. Audit Services' investigation of other purchasing methods used by the suspect did not identify additional fraudulent activity. During the investigation, Department management cancelled and reissued all fleet fuel cards and implemented new internal controls, which were confirmed by auditors. No additional recommendations were necessary.	No recommendations to implement.
2024034	10/28/2024	Intercollegiate Athletics Patch Management Processes	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Implemented
2025011	10/29/2024	Joint Admission Medical Program (JAMP)	TTU has implemented sufficient oversight and monitoring procedures to ensure the JAMP grant is administered in compliance with the JAMP Agreement. In addition, fiscal year 2023 and 2024 expenditures comply with the JAMP Expenditure Guidelines. Finally, all unexpended funds for fiscal year 2023 have been returned, and unexpended funds for fiscal year 2024 are scheduled for return after submission of the annual expenditure report.	No recommendations to implement.
2025009	11/6/2024	Red Raider Facilities Foundation, Inc. FY2024 Financial Statements	The independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, audited the financial statements of Red Raider	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Facilities Foundation, Inc., for the year ended August 31, 2024. 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.	
2025023	12/16/2024	School of Veterinary Medicine	The TTU School of Veterinary Medicine (School) was established in 2021 to provide high-quality, affordable education resulting in rural and regional veterinary practice. Certain animal care procedures require the use of liquid controlled substances, which are pharmaceuticals tightly monitored by the State of Texas and the federal government based on their addictive nature and likelihood of abuse. Controlled substances pose a high risk for diversion, and significant cases of diversion have occurred at universities and medical facilities across the country, resulting in deaths and significant fines. The School utilizes an electronic inventory system, which also automatically reconciles each usage transaction to an invoice in the electronic medical records system. The School has implemented a robust internal control structure surrounding controlled substances, including multiple levels of physical security, frequent inventory counts, transaction monitoring, dual presence for many activities, and documented policies and procedures. Overall, the School's processes align with certain state and federal internal control requirements, although management developed action plans to further strengthen controls around inventory receiving processes and waste.	Implemented
2025008	1/14/2025	Intercollegiate Athletics FY2024 NCAA Financial Agreed-Upon Procedures	Forvis Mazars, LLP, an independent CPA firm, performed agreed-upon procedures at TTU required annually by the NCAA. For the year ended August 31, 2024, the external auditors reviewed revenues and expenses, noting changes from budgeted amounts or from prior years. The engagement	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			performed was not an audit, so no opinion was expressed by the auditors.	
2025010	1/29/2025	Texas Tech Public Media FY2024 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, 2024, 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.
2025043	1/30/2025	Talkington College School of Music	Given that an employee of the School of Music (School) submitted the highest number of after-the-fact purchase orders of any TTU employee in 2024, auditors reviewed the School's related processes for potential fraudulent activity. No fraud was detected. Auditors concluded that the Director of the School has established control and monitoring activities and an environment and internal policies to help ensure sound financial operations. Still, auditors identified opportunities for the School to reduce the number of after-the-fact purchase orders it submits and to enhance transparency surrounding supporting purchase order documentation.	Implemented
2025033a	1/31/2025	Foreign Gift and Contract Reporting	The objective of this audit was to determine if foreign gift and contract reporting processes ensure reporting is accurate, timely, complete, and aligns with reporting requirements established in 20 U.S. Code §1011f and §1132-7. During this engagement, the Office of the Texas Governor issued Executive Order (EO) GA-48 relating to the hardening of state government. EO GA-48 requires all public institutions of	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			higher education that are required to submit reporting on foreign gift and contract disclosures to the U.S. Department of Education under Section 117 of the Higher Education Act of 1965 to submit the same reporting to the Texas Higher Education Coordinating Board. Overall, TTU Accounting Services' processes generally ensure foreign gift and contract reporting required by 20 U.S. Code §1011f is accurate, timely, and aligns with reporting requirements. However, there are opportunities to ensure the completeness of information evaluated for reporting by expanding both the recipients and content of foreign gift and contract information requests and to ensure University operating policies and procedures reflect the requirements and current processes for reporting. Additionally, there is an opportunity to implement policies, procedures, and processes to comply with reporting requirements established in 20 U.S. Code §1132-7.	
2025053	2/17/2025	Mentor Tech Investigation	After discovering troubling purchases made by a director at Mentor Tech, the TTU Assistant Vice Provost contacted the Vice Provost for Academic Innovation & Student Success who then contacted Audit Services. Auditors were unable to locate several apparel purchases the director stated were in her office and identified multiple inconsistencies between food and entertainment substantiation forms, receipts, and employee explanations. The director also did not obtain approval for meals in accordance with operating policy and may have instructed an employee to fabricate a food and entertainment substantiation form. While the inconsistencies and policy violations may have been intentional false representations, a lack of accurate documentation and available information prevented auditors from definitively concluding fraud occurred. The director resigned from the University on the business day following a meeting with auditors.	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			The Assistant Vice Provost immediately removed the director's purchasing authority after identifying concerning transactions. While auditors could not substantiate fraud, red flags existed, and the Assistant Vice Provost's reviews and subsequent actions likely prevented future misuse of funds and are an excellent example of prudent fiscal oversight. Auditors had no additional recommendations related to these internal controls and commended the Provost's Office's commitment to setting the tone for responsible and ethical behavior.	
2025007	2/19/2025	Review of Financial Statements for the Year Ended August 31, 2024	The independent CPA firm of Crowe, LLP, performed a review of TTU's financial statements as of and for the year ended August 31, 2024. This review was required by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), the body from which TTU seeks reaffirmation of its institutional accreditation. A review of financial statements as defined by the American Institute of CPAs is substantially less in scope than an audit and includes primarily applying analytical procedures to management's financial statements and making inquiries of management. The scope of a review is not sufficient for a CPA firm to express an opinion on the financial statements, and no opinion was expressed. Crowe stated that based on their review, they are not aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America.	No recommendations to implement.
2025034	3/17/2025	High Performance Computing Center General Controls Review	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Incomplete/ongoing Three recommendations have been implemented, one is in progress, and one is not yet due.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025015	4/28/2025	University-School Partnerships for the Renewal of Educator Preparation (US PREP) Data Use Compliance	<u>This report was issued as confidential and is excepted from public disclosure.</u>	The Data Use Compliance Agreement with the Texas Education Agency requires an annual test for compliance with the agreement during the first two years of the agreement. As such, we will follow up on the recommendations in next year's audit.
2025031a	6/30/2025	Software License Management Processes	The objective of this audit was to evaluate TTUS component institutions' post-procurement software license management processes for routine monitoring and compliance with licensing service agreements and licensing models. Overall, Information Technology at TTU has processes in place to proactively monitor a variety of software applications and the associated licenses; however, additional documentation of the monitoring procedures is recommended.	Implemented
2025032	7/30/2025	FY2025 Intercollegiate Athletics	Title IX of the Education Amendments of 1972 is a federal civil rights law that prohibits sex-based discrimination in any education program or activity receiving federal financial assistance, including intercollegiate athletics. Title IX aims to ensure equal access to the intercollegiate athletics program and equal treatment of student-athletes once in the program. Since there is ambiguity around how institutions will be expected to implement revenue-sharing to comply with Title IX, it is important for TTU Intercollegiate Athletics to ensure it provides equitable athletic benefits to student-athletes in order to avoid unnecessary scrutiny. The objective of this audit was to perform a risk assessment to evaluate whether Athletics provides equitable benefits to both genders in eleven athletic benefit areas. Overall, auditors found that most athletic benefit areas posed either a low or moderate risk of gender equity disparities, based on both the likelihood of occurrence and the potential	Incomplete/ongoing This recommendation is not yet due.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			financial impact. Auditors communicated detailed information to Athletics management about the results of the risk assessment. Athletics prioritizes providing all student-athletes with a high-quality experience and considers gender equity when providing athletic benefits. However, Athletics has not formally established a gender equity plan, has not fully incorporated strategies for compliance within policies and procedures, and has informal gender equity assessment processes, which puts the department at risk for a possible gender equity disparity in the future. Auditors provided Athletics management with a template to assist in conducting periodic, comprehensive gender equity reviews.	

Audits Completed

Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025012	11/4/2024	Joint Admission Medical Program (JAMP)	TTUHSC has implemented sufficient oversight and monitoring procedures to ensure the JAMP grant is administered in compliance with the JAMP Agreement. In addition, fiscal year 2023 and 2024 expenditures comply with the JAMP Expenditure Guidelines. Finally, all unexpended funds for fiscal year 2023 have been returned, and unexpended funds for fiscal year 2024 are scheduled for return after submission of the annual expenditure reports.	No recommendations to implement.
2024039	2/20/2025	Institutional Compliance Program	The objective of this audit was to evaluate the design and maturity of the institutional compliance program areas directly assigned to TTUHSC's Office of Institutional Compliance. Auditors reviewed the Office of Institutional Compliance and the assigned compliance areas to assess the maturity of each program across the seven elements of an effective compliance program defined in Chapter 8 of the United States Federal Sentencing Guidelines. The Vice President for Institutional Compliance has established an effective compliance program, including effectively implementing Institutional Compliance Committees to provide campus compliance oversight, regular updates for the president and the president's cabinet on relevant compliance topics, and maintaining a team and other resources to effectively implement the compliance program. There are opportunities to improve aspects of the Institutional Compliance program's maturity, primarily for those compliance areas more recently integrated within the Office (e.g., Clery Compliance and Minors on Campus), by addressing control gaps and ensuring the timely review of institutional operating policies.	Implemented
2024050	4/11/2025	Clinical Trial Billing Processes	The objective of this audit was to determine if internal controls exist surrounding the Lubbock Department of Surgery and	Incomplete/ongoing

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Lubbock Department of Internal Medicine's clinical trial billing processes for accuracy, completeness, and compliance with private industry-sponsored agreements. While opportunities exist to strengthen the departments' billing processes, the identified control weaknesses do not currently result in significant risks to TTUHSC. However, proactively implementing consistent control structures throughout the School of Medicine will minimize risks as research grows at TTUHSC. Management agreed with the process improvement recommendations.	The Department of Surgery recommendations have been implemented. The Department of Internal Medicine recommendations are in progress.
2025037	5/13/2025	Accounts Payable Processes	Accounts Payable, a section within the Payment Services department at TTUHSC, is responsible for making authorized payments to vendors for goods received and services rendered. The objectives of this audit were to determine whether access to process payments in Banner (enterprise resource planning system) and TechBuy (procurement system) is limited in accordance with the principle of least privilege, evaluate Accounts Payable's conflict of interest disclosure and management processes, and evaluate the effectiveness of manual three-way matching controls. Overall, manual three-way matching controls are operating effectively; however, there are opportunities to enhance Accounts Payable's conflict of interest disclosure, management, and monitoring processes; conduct periodic reviews of electronic access to edit TechBuy user roles and permissions and to process payments in Banner and TechBuy; and monitor for self-payments issued by users with the ability to unilaterally generate payments in Banner.	Implemented
2025016	6/25/2025	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 determine if Managed Care expenditures charged to the contract support the Correctional Managed Health Care program. Through review of expenditures and supporting documentation, auditors	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			concluded that transactions were related to healthcare or supported Managed Care operations and were not prohibited according to the contract.	
2025031b	6/30/2025	Software License Management Processes	The objective of this audit was to evaluate TTUS component institutions' post-procurement software license management processes for routine monitoring and compliance with licensing service agreements and licensing models. Overall, Information Technology at TTUHSC has processes in place to proactively monitor a variety of software applications and the associated licenses; however, additional documentation of the monitoring procedures is recommended.	Incomplete/ongoing This recommendation is not yet due.

Audits Completed

Texas Tech University Health Sciences Center El Paso

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025013	11/4/2024	Joint Admission Medical Program (JAMP)	TTUHSC El Paso has implemented sufficient oversight and monitoring procedures to ensure the JAMP grant is administered in compliance with the JAMP Agreement. In addition, fiscal year 2023 and 2024 expenditures comply with the JAMP Expenditure Guidelines. Finally, all unexpended funds for fiscal year 2023 have been returned, and unexpended funds for fiscal year 2024 are scheduled for return after submission of the annual expenditure reports.	No recommendations to implement.
2024064	11/5/2024	Missing Property Processes	The objective of this audit was to evaluate processes related to missing, lost, or stolen property at TTUHSC El Paso. Finance Systems Management has implemented certain controls surrounding property management processes including the use of a centralized property management system (PM System); authorization forms to track property removed from campus; an electronic process for reporting missing, lost, or stolen property through the PM System; and automated notification to the information security officer and institutional privacy officer to determine if missing property contained confidential information. However, there are opportunities to strengthen controls related to reporting missing property items to relevant stakeholders, developing procedures to track individual property assignments, reviewing Missing, Damaged, Lost, or Stolen Reports for completeness, and updating the property management policy.	Implemented
2025027	3/24/2025	Facilities and Services	The objectives of this audit were to evaluate the work order life cycle for timeliness and completeness and to evaluate the procurement process to ensure purchases made by the Facilities and Services Department (Facilities) are appropriate and comply with departmental and institutional policies. Overall, purchases made by Facilities complied with departmental and institutional policies, and Facilities has implemented certain controls over work order and purchasing	Incomplete/ongoing All recommendations have been implemented except for one recommendation to enhance procedures for the appropriate review and approval of purchases.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			processes, including utilizing WebTMA to process and track work orders and establishing segregation of duties over purchasing. However, there are opportunities to strengthen controls by optimizing work order monitoring, ensuring work orders adhere to established workflows, enhancing procedures for the appropriate review and approval of purchases, and formally documenting policies and procedures related to work order processes.	
2025048	4/11/2025	Department of Molecular and Translational Medicine	The Paul L. Foster School of Medicine's Department of Molecular and Translational Medicine (Department) conducts biomedical research that is organized into four programmatic Centers of Emphasis: cancer, infectious diseases, neurosciences, and diabetes and metabolic disorders. The objectives of this audit were to evaluate labor redistribution and cost transfer processes for efficiency and ensure compliance with grant terms and applicable institutional, state, and/or federal policies and regulations; and to evaluate the utilization of grant funds to ensure that the burn rate aligns with the project timelines. Overall, Department and institutional labor redistribution and cost transfer processes ensure compliance with grant terms and applicable institutional, state, and/or federal policies and regulations. In addition, monitoring processes have been implemented to help ensure grant funds are spent throughout the grant award periods, are fully utilized, or are transferred or relinquished as appropriate if principal investigators leave the institution.	No recommendations to implement.
2025031e	6/30/2025	Software License Management Processes	The objective of this audit was to evaluate TTUS component institutions' post-procurement software license management processes for routine monitoring and compliance with licensing service agreements and licensing models. Overall, Information Technology at TTUHSC El Paso has processes in place to proactively monitor a variety of software applications and the associated licenses; however, additional documentation of the monitoring procedures is recommended.	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025026	8/4/2025	Dental Oral Health Clinic Billing Processes	The objective of this audit was to assess the Dental Oral Health Clinic's (Clinic) billing processes to ensure all services provided are billed timely and corresponding payments are processed in compliance with applicable guidelines. Overall, the Clinic has implemented several controls within its billing processes, including using the axiUm Ascend system to track patient charges, discounts, and payments from both patients and insurance companies. However, there are opportunities to strengthen billing, credit balance, and refund processes to ensure compliance with departmental policies, procedures, and applicable state laws.	Incomplete/ongoing The recommendation related to adjustments and discounts has been implemented. Recommendations related to insurance verifications and collections and credit balances and refunds are not yet due.

Audits Completed

Angelo State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024042	1/24/2025	NCAA Compliance Program	The ASU Athletics Department has established educational, monitoring, and administrative programs that generally demonstrate institutional control and compliance with NCAA bylaws and regulations. The Athletics Director has set the tone at the top with an expectation of compliance with NCAA, Lone Star Conference, and other applicable rules and regulations. The Athletics Compliance Officer is considered a trusted resource by coaches and staff. The Athletics Director, Faculty Athletics Representative, and University President have regular communication about the Athletics Department activities and compliance efforts, ensuring proper checks and balances between the University and the Athletics Department. Although auditors identified some compliance areas not addressed by monitoring or administrative procedures, the lack of these monitoring and administrative procedures would not constitute a lack of institutional control. Management agreed with recommendations to formally document various aspects of its work and update the Athletics Compliance Office's website.	Incomplete/ongoing All of these recommendations are in progress.
2025028	2/5/2025	Title IX Program Compliance	ASU's Title IX program generally complies with governing regulations when responding to and investigating allegations of sexual misconduct. The Title IX Office evaluates incident reports and applies grievance procedures in a manner consistent with the requirements of governing regulations. The Title IX Office also offers supportive measures, equal access, and due process to all parties who request or elect to be involved in the process. Further, the Title IX Office responds to allegations, completes grievance procedures, and closes incident reports and subsequent cases in a prompt and timely manner. However, the Title IX Office has opportunities to improve procedures for preparing state required reports,	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			formalize training plans for members of the Sexual Misconduct Response Team, and enhance case file documentation.	
2025017	2/26/2025	Robert G. Carr and Nona K. Carr Scholarship Foundation 2024 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, 2024. 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, there were no material weaknesses or significant deficiencies in internal control identified during the audit; however, the auditors did make a recommendation to improve the Foundation's bank reconciliation process.	As this audit is performed annually, the external auditor will follow up on this recommendation in next year's engagement.
2025018	3/14/2025	ASU Foundation, Inc. 2024 Financial Statements	The independent CPA firm of Armstrong, Backus & Co., LLP, performed the annual audit of Angelo State University Foundation, Inc., for the year ended August 31, 2024. 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, there were no material weaknesses or significant deficiencies in internal control identified during the audit; however, the auditors did make a recommendation to evaluate the timing of expenses and record them in the proper period in accordance with generally accepted accounting principles in the United States of America.	As this audit is performed annually, the external auditor will follow up on this recommendation in next year's engagement.
2025019	5/21/2025	Texas Higher Education Coordinating Board Facilities Audit	The objectives of this audit, which was included in our annual plan to comply with Texas Higher Education Coordinating Board (Coordinating Board) requirements, were to determine whether ASU accurately reported its facilities inventory to the Coordinating Board, followed Coordinating Board rules, and received facilities project approval where such approval was required. The scope of the audit included the time period since the last required facilities audit to current, February 2017 to February 2025. Overall, ASU is in compliance with Coordinating Board requirements related to obtaining Board of	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Regents approval for capital construction assistance projects. However, TTUS Facilities Planning & Construction (TTUS FP&C) did not submit a Board of Regents Certification Form to the Coordinating Board for the one project for which it was required during the scope period. TTUS FP&C has since submitted a Board of Regents Certification Form for the project in question, and no other Coordinating Board reporting is required for the project at this time. ASU did not begin any new construction projects, repair and renovation projects, acquire any real property, or enter into any energy savings performance contracts subject to Coordinating Board reporting requirements during the period under review.	
2025031c	6/30/2025	Software License Management Processes	The objective of this audit was to evaluate TTUS component institutions' post-procurement software license management processes for routine monitoring and compliance with licensing service agreements and licensing models. Overall, Information Technology at ASU has processes in place to proactively monitor a variety of software applications and the associated licenses; however, additional documentation of the monitoring procedures is recommended.	Implemented
2025039	7/31/2025	Travel Office Processes	Based on increasing international travel risks and requirements at the federal, state, and institutional level, the objectives of this audit were to evaluate whether international travel processes facilitate compliance with key federal and state laws, and to determine if travel expenses are allowable, supported, and comply with key University policies. Overall, ASU should strengthen its processes surrounding international travel to further address foreign espionage, export compliance, and sanctions risks by implementing processes to identify and review the entities with which an international traveler will associate, ensuring faculty and staff are briefed on international risks prior to their travel, and ensuring international travel funded by a grant or contract is approved in advance by both the sponsoring party and the President's Office. In addition, recommendations were made to develop or	Incomplete/ongoing These recommendations are in progress.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			update Travel Office internal resources and training materials and to provide additional training to its personnel to ensure their review of expense reports is effective and ensures travel reimbursements, for both international and domestic travel, are allowable, supported, and in compliance with key University policies.	

Audits Completed

Midwestern State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024032	8/15/2024	Payroll Processes	The objectives of this engagement were to validate select payroll processes and evaluate ways to streamline processes and improve internal controls. While the payroll periods tested by auditors were processed accurately and timely, current processes are highly manual, which increases the inherent risk of errors and fraud. Procedures to review manual changes do not adequately cover all manual adjustments and are not documented. Management has begun to implement additional reconciliations and other controls, cross-train employees, and document its processes.	Implemented
2025014	10/28/2024	Joint Admission Medical Program (JAMP)	MSU has implemented sufficient oversight and monitoring procedures to ensure the JAMP grant is administered in compliance with the JAMP Agreement. In addition, fiscal year 2024 expenditures comply with the JAMP Expenditure Guidelines, and all unexpended funds for fiscal year 2024 are scheduled for return.	No recommendations to implement.
2024023	11/6/2024	MSU Foundation, Inc. 2023 Financial Statements	The independent CPA firm of MWH Group, P.C., performed the annual audit of Midwestern 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.
2025041a	12/20/2024	Wilson School of Nursing Health Resources & Services Administration Grant	The MSU Wilson School of Nursing was awarded a federal Health Resources and Services Administration (HRSA) grant totaling \$2,257,317, entitled <i>Healthcare Worker and First Responder Resilience Training Program</i> . In general, grant expenditures for the HRSA grant are in compliance with governing federal regulations and University operating	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			policies, are allowable under the grant agreement, and reasonably support the grant's purpose and objectives.	
2025041b	12/20/2024	Effort Certification Procedures	During the MSU Wilson School of Nursing Health Resources & Services Administration Grant audit, auditors identified University-wide noncompliance with federal regulations specific to certifying effort on federal sponsored projects. This issue was also reported in April 2024 by a peer review team from the National Council of University Research Administrators (NCURA), which was engaged to provide a comprehensive review of MSU's research administration infrastructure. The NCURA peer review report stated, "Although MSU has a way of documenting salaries charged to sponsored funds, it does not have a way of validating the allocations..." The Business Office and the Office of Sponsored Programs and Research formulated an action plan to develop mechanisms to validate personnel costs charged to grants are accurate and properly allocated.	Implemented
2025030a	4/28/2025	Banner Access Management	<u>This report was issued as confidential and is excepted from public disclosure.</u>	Implemented
2025030b	4/28/2025	University-wide FERPA Training	During the MSU Banner Access Management audit, auditors noted MSU does not provide formal Family Educational Rights and Privacy Act (FERPA) training to employees, including student employees, with access to student education records and data. FERPA is a federal law that protects the privacy of student education records and regulates their release by the University. A recommendation was made for Enrollment Management to develop and facilitate a training program to raise employee awareness of their responsibilities under FERPA and the protection of student data, particularly for all individuals with access to student information through Banner or any other applications that provide this data. Management agreed and is working to implement training, a FERPA training policy, and a tracking process for completed training.	Incomplete/ongoing This recommendation is in progress.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025020	5/14/2025	MSU Foundation, Inc. 2024 Financial Statements	The independent CPA firm of MWH Group, P.C., performed the annual audit of Midwestern State University Foundation, Inc., for the year ended August 31, 2024. 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.
2025055a	6/26/2025	Facilities Services Investigation	This engagement was not included in our annual audit plan but was conducted after an anonymous hotline complaint received by the Texas State Auditor's Office was referred to our office. The allegations related to purchases associated with an MSU Facilities Services employee. Upon investigation, auditors did not identify conclusive evidence of fraud, waste, or abuse and could not substantiate the allegations. Review of the employee's purchasing history from August 2023 through March 2025 found purchases were reasonable and supported by documentation. Furthermore, auditors were able to physically verify a sample of equipment and tools.	No recommendations to implement.
2025055b	6/26/2025	Employer Provided Clothing	During the MSU Facilities Services Investigation, auditors gained an understanding of MSU Facilities Services' purchasing processes, including authorization and purchase of clothing and gear. However, the University does not have an operating policy for employer-provided clothing that documents the University's expectations related to clothing and gear purchases, authorizations, or requirements under the Internal Revenue Code. Management agreed with the recommendation to implement an operating policy to provide campus-wide guidance and compliance.	Incomplete/ongoing This recommendation is not yet due.
2025031d	6/30/2025	Software License Management Processes	The objective of this audit was to evaluate TTUS component institutions' post-procurement software license management processes for routine monitoring and compliance with licensing service agreements and licensing models. Overall, Information Technology at MSU has processes in place to	Incomplete/ongoing This recommendation is pending an update from management.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			proactively monitor a variety of software applications and the associated licenses; however, additional documentation of the monitoring procedures is recommended.	
2025040	7/29/2025	Accounts Payable Processes	Given the inherent risks associated with segregation of duties challenges and software access in small offices, the objectives of this audit were to evaluate internal controls and the use of technology in invoice processing and vendor payment processes; evaluate the sufficiency of vendor verification processes ensuring accuracy of data and legitimacy of change requests; and determine if access to the Banner Enterprise Suite (Banner), the University's enterprise resource planning system, is limited in accordance with the principle of least privilege. Overall, the MSU Business Office's internal controls over invoice processing and vendor payment processes are operating as designed; however, segregation of duties concerns exist within the Purchasing and Contract Management Department's invoice processing responsibilities. Additionally, access to critical accounts payable Banner forms is not restricted and does not follow the principles of segregation of duties or least privilege. Business Office management also has opportunities to enhance the user access review process to ensure terminated employees' Banner access is removed. Finally, auditors identified opportunities to limit and segregate access to Banner vendor records and to further ensure vendor information entered into Banner is complete, accurate, and reviewed.	Incomplete/ongoing Recommendations are not yet due.

Consulting Engagements Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2024060	8/12/2024	MSU Interim Report on SimpleK Key Management System Implementation	<u>This report was issued as confidential and is excepted from public disclosure.</u> The overall objective of this management advisory engagement was to facilitate the implementation of SimpleK, the new key management software at MSU. The report outlined certain risks, obstacles, and challenges to implementation that auditors discussed with management. The report also identified outstanding tasks that were critical to the development of a strong governance framework and to the successful implementation of SimpleK. Once these tasks were completed by management, Audit Services resumed its engagement and reviewed the implementation progress, operational efficiencies, and governance processes (see closeout report issued on July 30, 2025).	Work was ongoing by management. Audit Services resumed the engagement once management completed certain critical tasks. The closeout report was issued to management in July 2025.
2023064	10/31/2024	MSU Closeout Report on Enrollment Management Processes and Data Security	<u>This report was issued as confidential and is excepted from public disclosure.</u> The objectives of this management advisory engagement, added to the annual audit plan in fiscal year 2023, were 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, IT, and the campus community. Updates and progress were reported in a series of interim reports. Although this report closes out our management advisory engagement, the report encourages management to address risks related to development of a formal project	No management response was required for this advisory engagement.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			management program, increased collaboration, timing of providing new students' technology accounts, and consideration of a long-term solution for confidential document submission.	
2024067	2/4/2025	MSU CS Gold Meal Plan and Flex Dollar Reconciliations	During the MSU CS Gold Implementation management advisory engagement completed in 2024, auditors identified risks specific to CS Gold meal plan and flex dollar reconciliation processes. Initial discussions and an evaluation of current processes indicated MSU Student Affairs administrative procedures and processes related to flex dollar receipt substantiation and invoice processing do not include the necessary oversight and validation to prevent or detect errors or fraudulent activity. Management developed an action plan to strengthen segregation of duties related to invoice review and approval processes; perform sales reconciliations between CS Gold and the point-of-sale terminal system to ensure there is no lost revenue; and update the related operating policy.	Incomplete/ongoing One recommendation related to updating the operating policy is in progress, and one recommendation related to invoice verification processes is not yet due. All other recommendations have been implemented.
2024048	4/11/2025	Administration and Finance Certificate Program	In consultation with management, the objective of this management advisory engagement was to evaluate the TTU Administration & Finance Certificate Program (Program) for potential enhancements. The Program was established in 2023 to educate business managers on information pertaining to their role and centralized department functions. The Program takes one year to complete and encompasses presentations from 14 departments. The auditors performing this engagement attended all training sessions for the Program's third cohort and reviewed each training session's presentation materials. Potential Program enhancements were verbally communicated to Administration & Finance management for consideration.	No recommendations to implement.
2025024	6/26/2025	TTUHSC School of Nursing	In consultation with the TTUHSC School of Nursing (School) Dean, the objective of this management advisory engagement was to provide information and analytics on the School's revenue, expenditures, employee compensation, and leave reporting. Auditors did not identify significant anomalies in	Implemented

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			most analytics; however, analytics did identify multiple School employees that did not report leave (e.g., vacation, holiday comp, and/or sick leave) during entire fiscal years. Additionally, there were instances of employees reporting bulk leave hours in a single day instead of submitting daily entries. Management agreed with the recommendation to communicate leave reporting requirements and expectations in accordance with applicable policy and to ensure leave report reviews are complete and accurate.	
2024060	7/30/2025	MSU Closeout Report on SimpleK Key Management System Implementation	The overall objective of this management advisory engagement was to facilitate the implementation of SimpleK, the new key management software at MSU. An interim report was issued in August 2024 that outlined certain risks, obstacles, and challenges to implementation that auditors discussed with management. That report also identified outstanding tasks that were critical to the development of a strong governance framework and to the successful implementation of SimpleK. In response to the significant governance, control, and technology risks communicated, management completed the migration of key records from the previous key management software to SimpleK, retired the former key management software and implemented SimpleK, revised and published an applicable University operating policy, and developed formal documentation. Although this report closes out our management advisory engagement, the report encourages management to complete several remaining critical tasks related to database cleanup, configuration, and automation as well as continued refining of processes and procedures.	No management response was required for this advisory engagement.

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 Member, 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 implementation meetings for a new policy management system (TTUSA)	Contributed to the implementation team's oversight of the new system
Participated in implementation meetings for a new scholarship management system (ASU)	Contributed to the implementation team's oversight of the new system
Participated in TTUS's research security efforts	Contributed to the oversight and coordination of research security compliance efforts across TTUS
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
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
Participated 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
Served on the MSU Emergency Management Committee	Contributed to the oversight and guidance of the MSU Emergency Management Program and 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 Secretary, Treasurer, Board Member at Large, and Marketing Committee Chair for the Texas Association of College & University Auditors (TACUA)	Strengthened professional commitments and knowledge base by providing higher education specific professional education opportunities
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

Other Value-Added Activities

Served as the Immediate Past President, President, and Vice President 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 Treasurer and At-Large Board Member of the El Paso Chapter of Certified Fraud Examiners	Strengthened professional commitments and knowledge base while providing relevant, local continuing professional education opportunities
Presented training sessions for ACUA	Contributed to the profession of internal auditing and strengthened knowledge base
Attended TXCPA Leadership training	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 reviews at Texas Woman's University and Meharry Medical College	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 Vice President and Governance Committee Chair of the Wichita Falls Symphony Orchestra Board of Directors	Reinforced community relationships and strengthened professional commitments and knowledge base

External Audit Services

Institution	Service	Firm
Texas Tech University System and Components	Credit Card, Travel Expenses, and Charter Flights of Board of Regents, Chancellor, and Presidents Agreed-Upon Procedures	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University System	Texas Tech Foundation, Inc. 2024 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 Academic Sciences Building	CBIZ Risk & Advisory Services
	TTUHSC Dallas Southwest Professional Building	R.L. Townsend & Associates, LLC
	TTUHSC School of Health Professions	R.L. Townsend & Associates, LLC
	Midland Physician Assistant Building	R.L. Townsend & Associates, LLC
	TTUHSC School of Health Professions Midland Physician Assistant Building New Addition	R.L. Townsend & Associates, LLC
Texas Tech University	ASU Carr Hall Renovation	R.L. Townsend & Associates, LLC
	ASU Aviation Program Training Facility	R.L. Townsend & Associates, LLC
Texas Tech University	Red Raider Facilities Foundation, Inc. 2024 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Texas Tech Public Media 2024 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Intercollegiate Athletics Agreed-Upon Procedures	Forvis Mazars, LLP
Texas Tech University	Texas Tech University 2024 Financial Statement Review	Crowe LLP

External Audit Services

Institution	Service	Firm
Angelo State University	ASU Foundation, Inc. 2024 Financial Statement Audit	Armstrong, Backus & Co., LLP
Angelo State University	Robert G. Carr and Nona K. Carr Scholarship Foundation 2024 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Midwestern State University	MSU Foundation, Inc. 2023 Financial Statement Audit	MWH Group, P.C.
Midwestern State University	MSU Foundation, Inc. 2024 Financial Statement Audit	MWH Group, P.C.

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
300 Turner Street NW
North End Center, Suite 3200
Blacksburg, Virginia 24061
P: 540-231-5883
www.oarc.vt.edu

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

Annual Plan for Fiscal Year 2026

The annual audit plan for Texas Tech University System for the year ending August 31, 2026, was approved by the Audit Committee of the Board of Regents on August 14, 2025. 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 41 planned engagements included in the annual plan. The planned engagements include audits to address the various types of risks, including financial compliance, state regulatory compliance, medical billing processes, and information technology data security and controls.

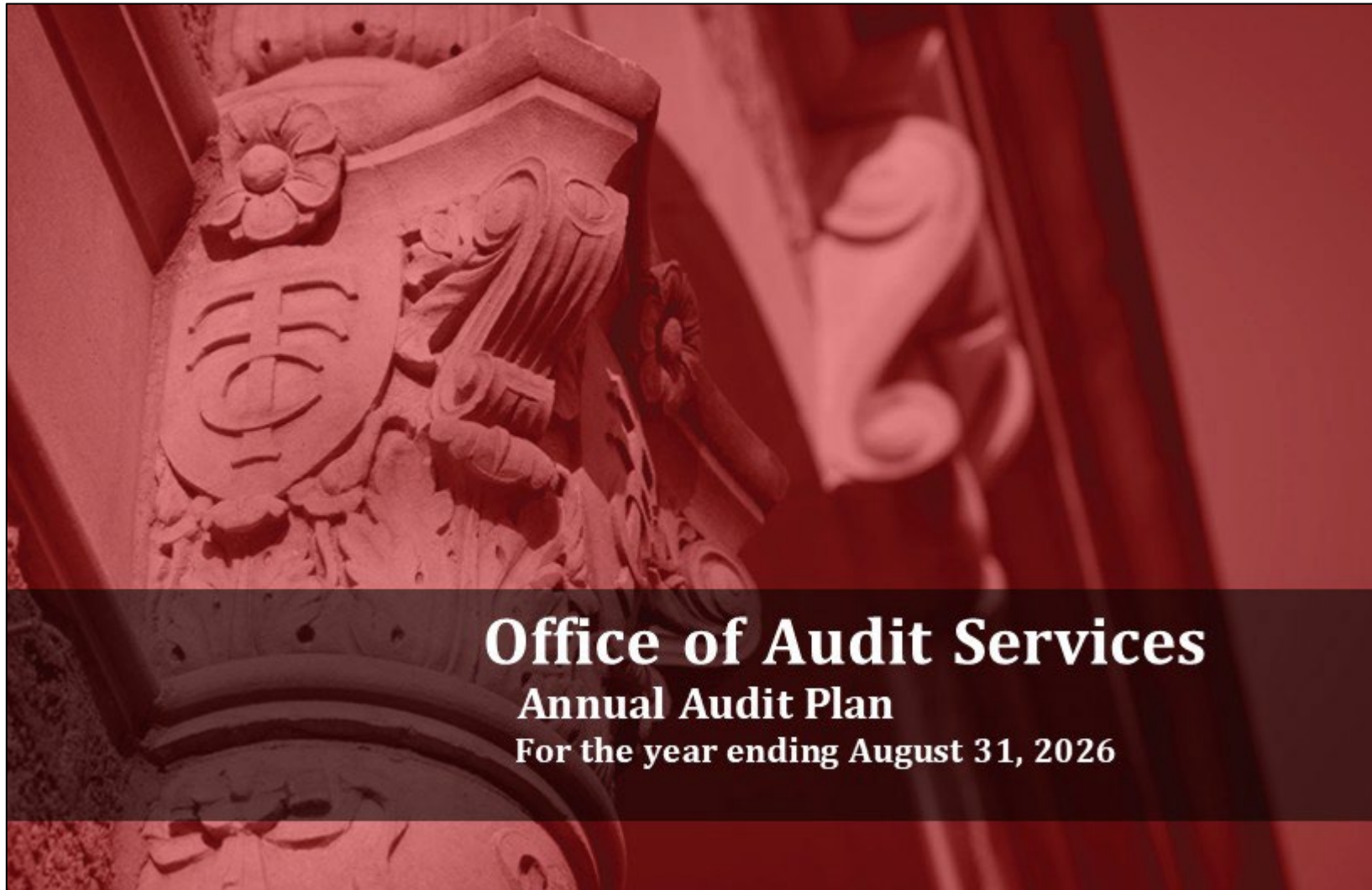
All previous requirements related to internal audits of benefits proportional by method of finance were completed and submitted as required in prior years. No additional audits related to benefits proportionality were required or included in the 2026 annual audit plan.

The following planned engagements address contract management and other requirements of Senate Bill 20 (84th Legislature): TTUS Contracting and Procurement Processes, TTUS construction audits, and TTUHSC Correctional Managed Health Care Contract.

Texas Tech institutions periodically engage third parties to assess compliance with Texas Administrative Code 202 (TAC 202) information security standards, assess the maturity of each institution's implementation of the Texas Cybersecurity Framework, and conduct penetration testing. Additionally, the Office of Audit Services has developed a framework to align its information technology risk assessment activities with the State of Texas' frameworks and the Institute of Internal Auditors' (IIA) Cybersecurity Topical Requirement. The Texas Cybersecurity Framework, which is based on the TAC 202 Security Control Standards Catalog, is implemented by the IT Divisions across the Texas Tech University System's member institutions. Aligning Audit Services' internal information technology risk assessment with the biennial Texas Cybersecurity Framework helps eliminate potential duplication of effort and provides reasonable assurance that Audit Services is considering a wide breadth of information technology and cybersecurity risks for each institution when developing the annual audit plan. Furthermore, aligning with the IIA's Cybersecurity Topical Requirement will provide insight into each institution's cybersecurity governance, risk management, and control practices, identifying areas that should be considered in the annual audit plan.

The annual audit plan for fiscal year 2026 is included on the following pages.

Annual Plan for Fiscal Year 2026



Annual Plan for Fiscal Year 2026

A decorative header image for the Table of Contents. It features a red-tinted photograph of classical architectural elements, including a large flower-shaped capital and a scrollwork element. The text "Table of Contents" is overlaid in white, bold, sans-serif font.

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Annual Plan for Fiscal Year 2026



Formulation of the Annual Audit Plan

Mission Statement

The mission and purpose of the Office of Audit Services is to strengthen Texas Tech University System's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

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 was multi-layered. First, the Texas Tech University System and its institutions have implemented an 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 2026

(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 2026 annual audit plan fall into these categories: data management, artificial intelligence, emergency preparedness, 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 2026 Annual Audit Plan, there are other mitigating activities and follow-up engagements that address these risks.

Annual Plan for Fiscal Year 2026

Allocation of Time

Our staff consists of 15 audit professionals. After consideration of estimated time for office administration, holidays, and annual leave, we determined our allocable chargeable time to be approximately 17,385 hours.

Type of Service		Total	% of Total	Description
Risk-Based Engagements				
	Assurance	8,970	51%	Audits of operations and processes to address identified risks
	Management Advisory and Consulting	400	2%	Consulting engagements requested or identified
	Follow-Up	800	5%	Follow-up on management action plans from prior audits
Required Engagements		1,065	6%	Engagements required by statute, external entities, policies, etc.
Investigations		2,500	14%	Hours reserved for investigations, hotline complaints, and special projects
Other Value-Added Work				
	Service to Institutions	1,000	6%	Institutional committees, conducting campus training, etc.
	Service to the Profession	650	4%	Service in professional organizations and on peer review teams
	OAS Operations and Staff Development	2,000	12%	Annual audit plan and report, quality assurance and improvement program, continuing professional education, strategic initiatives
		17,385	100%	

Annual Plan for Fiscal Year 2026



Planned Engagements

Texas Tech University

State Appropriation Funding Compliance
Texas University Fund Compliance
Intercollegiate Athletics
Raider Success Hub Application and Data Security Controls
Cybersecurity Topical Requirement Gap Analysis
College of Media & Communications
NCAA Financial Agreed-Upon Procedures
Red Raider Facilities Foundation, Inc.
Texas Tech Public Media Financial Statements
US PREP Data Use Compliance

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

Annual Plan for Fiscal Year 2026



Planned Engagements

Texas Tech University Health Sciences Center

State Appropriation Funding Compliance
Network Security
School of Medicine at Permian Basin
Cybersecurity Topical Requirement Gap Analysis
Office of Strategic Initiatives
School of Health Professions
Correctional Managed Health Care Contract

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

Annual Plan for Fiscal Year 2026



Texas Tech University Health Sciences Center El Paso

Student Services and Student Engagement
Clinical Trial Billing Processes
Medical Coding and Billing Processes
Family Medicine Clinical Department

Operational/Controls
Compliance/Controls
Financial/Controls
Operational

Annual Plan for Fiscal Year 2026



Angelo State University

Registrar's Office
Cybersecurity Topical Requirement Gap Analysis
Department of Visual & Performing Arts
NCAA Financial Agreed-Upon Procedures
Carr Foundation Financial Statements
ASU Foundation, Inc. Financial Statements

Operational/IT controls
IT Controls
Financial/Controls
Financial (assist)
Financial (assist)
Financial (assist)

Annual Plan for Fiscal Year 2026



Planned Engagements

Midwestern State University

Social Media Processes
Disability Support Services
Campus Safety and Security
Texas Higher Education Coordinating Board Facilities Audit
MSU Foundation, Inc. Financial Statements

Governance
Operational
Management Advisory
Compliance
Financial (assist)

Annual Plan for Fiscal Year 2026



Planned Engagements

Texas Tech University System & Components

Data Analytics Program	Analytics
SB 17 Compliance	Compliance
Banner Enterprise Suite Interfaces/Connections	Governance/IT Controls
Office of Risk Management	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
Risk Management Assessment	Risk Management
State and Federal Involuntary Engagements	Miscellaneous (assist)

Annual Plan for Fiscal Year 2026



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.

To understand governance processes, the Office of Audit Services considers how Texas Tech:

- Establishes strategic objectives and makes strategic and operational decisions
- Oversees risk management and control processes
- Promotes an ethical culture and values within Texas Tech and its component institutions
- Delivers effective organizational performance management and accountability
- Structures its management and operating functions
- Communicates risk and control information throughout the organization
- Coordinates activities and communications among our office, the Board of Regents, external auditors, other assurance providers, and management

Annual Plan for Fiscal Year 2026

(Nature of Work continued)

To understand risk management and control processes, the Office of Audit Services considers how Texas Tech identifies and assesses significant risks and selects appropriate control processes. This includes understanding how Texas Tech identifies and manages the following key risk areas:

- 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

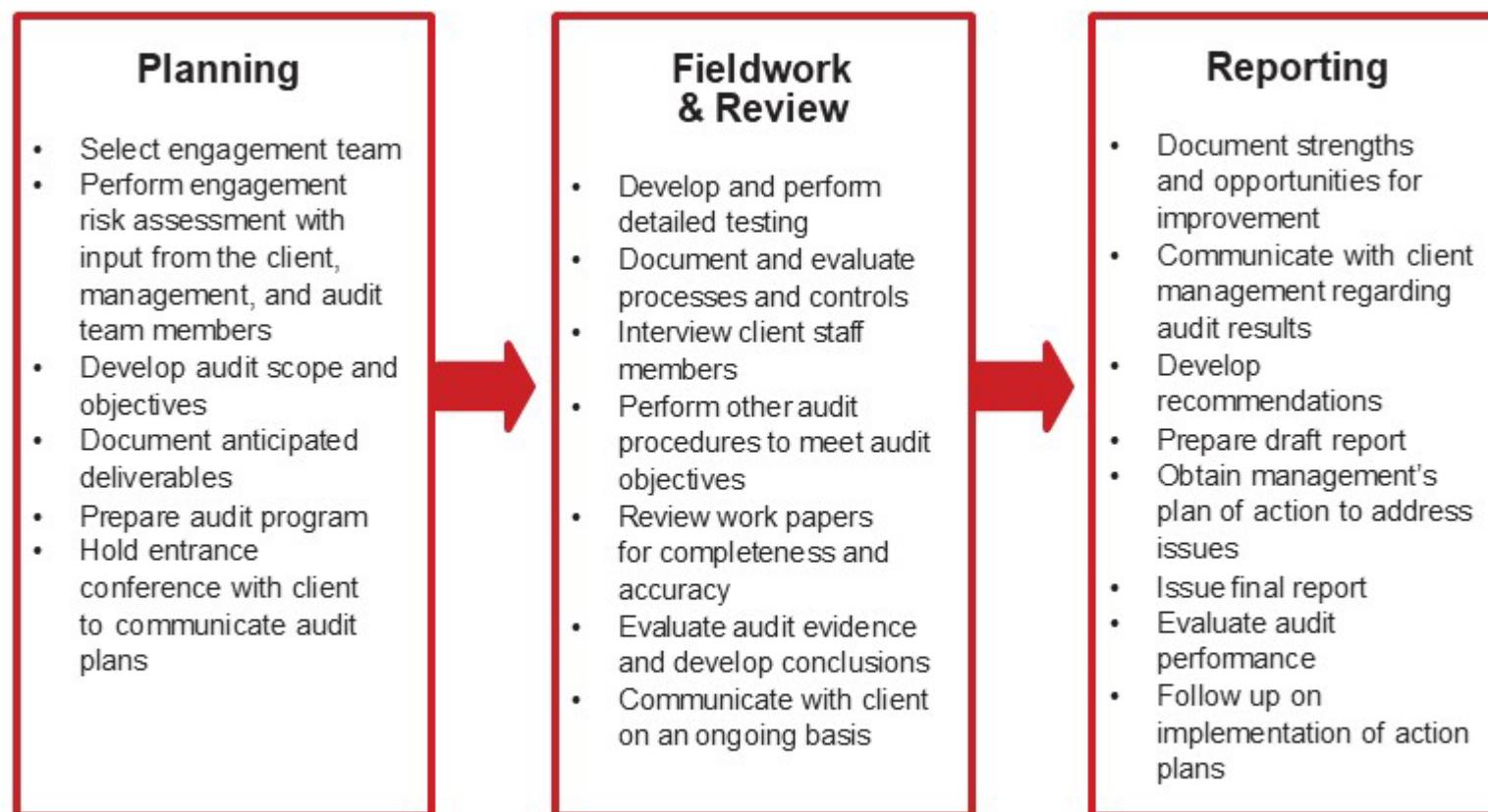
During the planning phase of each engagement, we determine the scope of work to be performed based on a unit-level assessment of risk. For most engagements, we will conduct an entrance conference and/or provide an engagement letter in order to communicate the scope and objectives of our audit to the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

Annual Plan for Fiscal Year 2026



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 2026



Annual Plan for Fiscal Year 2026



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 our 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 2026

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:

- Complete engagements outlined in the annual audit plan to achieve broad coverage of identified risks.
- Achieve superior client satisfaction.
- Achieve internally and externally imposed engagement deadlines.
- Complete required continuing professional education (CPE) training hours.

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 (89th Legislature, Conference Committee Report)
- 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 University System's component 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.