TEXAS TECH UNIVERSITY SYSTEM™



Office of Audit Services

Annual Audit Report
For the Year Ended August 31, 2026

Teresa Jack, CPA
Chief Audit Executive

October 30, 2026

TEXAS TECH UNIVERSITY SYSTEM™

October 30, 2026

Mr. Clay Cash
Chair, Board of Regents Audit Committee
Texas Tech University System

Dear Mr. Cash:

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, 2026. 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, 2026, we issued 53 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 executive management.

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

Sincerely,

Teresa Jack

Teresa Jack, CPA
Chief Audit Executive

Copies: Texas Tech Board of Regents Audit Committee
Chancellor Brandon Creighton
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 2026

The annual audit plan for Texas Tech University System for the year ended August 31, 2026, was approved by the Audit Committee of the Board of Regents on August 14, 2025. There were 41 planned engagements included in the annual plan, which are listed below along with the engagement's intended scope. Engagements where the Office of Audit Services assisted an external agency or audit firm are noted with an asterisk.

Texas Tech University System & Components
Data Analytics Program (Analytics)
Senate Bill 17 Compliance (Compliance)
Banner Enterprise Suite Interfaces/Connections (Governance/IT Controls)
Office of Risk Management (Management Advisory)
Texas Tech Foundation, Inc. Financial Statements* (Financial)
Regents, Chancellor, & Presidents Travel and Other Expenses* (Compliance)
Cancer Prevention and Research Institute of Texas Grant Funds* (Financial/Compliance)
Contracting and Procurement Processes (Compliance)
Risk Management Assessment (Risk Management)

Texas Tech University
State Appropriation Funding Compliance (Compliance)
Texas University Fund Compliance (Compliance)
Intercollegiate Athletics (Operational/Compliance)
Raider Success Hub Application and Data Security Controls (IT Controls)
Cybersecurity Topical Requirement Gap Analysis (IT Controls)
College of Media & Communications (Financial/Controls)
NCAA Financial Agreed-Upon Procedures* (Financial)
Red Raider Facilities Foundation, Inc. Financial Statements* (Financial)
Texas Tech Public Media Financial Statements* (Financial)
University School Partnerships for the Renewal of Educator Preparation (US PREP) Data Use Compliance (Compliance)

Texas Tech University Health Sciences Center
State Appropriation Funding Compliance (Compliance)
Network Security (IT Controls)
School of Medicine at Permian Basin (Financial/Operational)
Cybersecurity Topical Requirement Gap Analysis (IT Controls)
Office of Strategic Initiatives (Financial/Operational)
School of Health Professions (Operational/Controls)
Correctional Managed Health Care Contract (Compliance)

Annual Plan for Fiscal Year 2026

Texas Tech University Health Sciences Center El Paso
Student Services and Student Engagement (Operational/Controls)
Clinical Trial Billing Processes (Compliance/Controls)
Medical Coding and Billing Processes (Financial/Controls)
Family Medicine Clinical Department (Operational)

Angelo State University
Registrar's Office (Operational/IT Controls)
Cybersecurity Topical Requirement Gap Analysis (IT Controls)
Department of Visual & Performing Arts (Financial/Controls)
NCAA Financial Agreed-Upon Procedures* (Financial)
Carr Foundation Financial Statements* (Financial)
ASU Foundation, Inc. Financial Statements* (Financial)

Midwestern State University
Social Media Processes (Governance)
Disability Support Services (Operational)
Campus Safety and Security (Management Advisory)
Texas Higher Education Coordinating Board Facilities Audit (Compliance)
MSU Foundation, Inc. Financial Statements* (Financial)

In addition, the Office of Audit Services included hours on the fiscal year 2026 annual audit plan for external construction audits and to assist with miscellaneous state and federal involuntary engagements. Two engagements, TTU Museum of Texas Tech University Association and MSU Continuing Education Processes were added during the year. Of the planned engagements, 31 were completed, 6 were in progress at year-end, 3 were carried forward to fiscal year 2027, and 2 were cancelled. The engagements carried forward to the fiscal year 2027 annual plan were TTU State Appropriation Funding Compliance, TTUHSC State Appropriation Funding Compliance, and TTU Intercollegiate Athletics. One required engagement, Texas Tech Public Media Financial Statements, was cancelled following the dissolution of the Corporation for Public Broadcasting. One management advisory project, MSU Campus Safety and 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
Risk Management Assessment – Complete

Texas Tech University Health Sciences Center
Network Security – Reporting
School of Health Professions - Complete

Texas Tech University Health Sciences Center El Paso
Family Medicine Clinical Department – Review

Angelo State University
Department of Visual and Performing Arts – Review

Midwestern State University
Continuing Education Processes – Review

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, 6 planned projects and 2 investigations in progress on September 1, 2025, were completed during the year. Our office began 1 investigation and 1 special project during the year because of reports to the Texas Tech Fraud and Misconduct Hotline or directly to our office. Both of these engagements were completed prior to August 31, 2026.

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 2026 annual audit plan. The audit report (#2026004) was issued to management on December 19, 2025, 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 2026 include TTUS External Service Billing and Collection, TTUS construction audits, TTUHSC Correctional Managed Health Care Contract, and MSU Disability Support Services.

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 2026 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.

Audits Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	9/26/2025	TTUS Closeout Construction Costs – TTUHSC Laboratory Animal Resource Center Expansion	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 Laboratory Animal Resource Center expansion was performed by Fort Hill Associates, LLC. On March 15, 2024, Texas Tech University System (TTUS) entered into a construction manager at risk agreement with Western Builders of Amarillo (Western Builders) for construction management services for the project. The guaranteed maximum price for the contract was $9,598,078. The auditors reviewed all costs recorded and invoiced from the beginning of the project through payment application number 17, which was for services provided through July 31, 2025. The total amount earned as of that date, including the construction manager's fee, was $8,686,954. The auditors identified a credit due to TTUS for $219.97 related to labor and a credit due to Western Builders for $5,473.07 related to project insurance. Both TTUS and Western Builders agreed with the findings and appropriate credits were completed.	No recommendations to implement.
N/A	10/31/2025	Office of Audit Services 2025 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 2025, the latest external quality assurance review, lists of audit and non-audit engagements completed, external audit services provided to TTUS and component institutions, and the 2025 and 2026 annual audit plans.	No recommendations to implement.
N/A	12/19/2025	TTUS Closeout Construction Costs – MSU Bolin Hall Expansion & 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 MSU's Bolin Hall expansion and renovation was performed by CBIZ Risk &	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Advisory Services. On December 19, 2022, TTUS entered into a construction manager at risk agreement with Whiting-Turner Contracting Company (Whiting-Turner) for construction management services for the project. The guaranteed maximum price for the contract was $37,245,878. 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 July 31, 2025. The total amount earned as of that date, including the construction manager's fee, was $35,261,412. The auditors also identified combined unallowable costs totaling $15,606, related to contingency change orders, design consultant reimbursables, and Whiting-Turner equipment billings. Whiting-Turner agreed with the disallowed costs and credited the project.	
2026004	12/19/2025	FY 2026 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.
2026006	1/20/2026	Agreed-Upon Procedures Report on FY 2025 Credit Card, Travel Expenses, and Charter Flights of the 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 2025 expense reimbursements, credit card expenses, and charter flights of the regents, chancellor, and presidents. The auditors noted a few instances where individuals submitted travel vouchers after the 30-day period required by most university policies and two instances where travel vouchers were submitted more than 60 days after the date of travel, which made the transactions taxable to the individual. Additionally, there is inconsistency in how presidents' expenses are submitted for approval to the	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 policies related to approval of

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			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.	presidential expenses by a TTUS designated official in next year's engagement.
2026005	3/25/2026	Texas Tech Foundation, Inc. 2025 Financial Statements	In accordance with our annual plan, 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, 2025. 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.
2026020	4/22/2026	Banner Enterprise Suite Interfaces and Connections	This report was issued as confidential and is excepted from public disclosure.	Incomplete/ongoing Three recommendations are in progress and two are not yet due.
2026003	5/22/2026	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 $53 million at TTUHSC, TTUHSC El Paso, and TTU, of which $7.6 million was expended during fiscal year 2025. 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.
2026019	7/9/2026	Senate Bill 17 Compliance	The objective of this audit was to determine whether TTUS and its component institutions have spent state funds on diversity, equity, and inclusion (DEI) initiatives in violation of Texas Education Code §51.3525. The scope of this review included expenditures and positions paid with state appropriations. Overall, TTUS and its component institutions did not give preference on the basis of race, sex, color,	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			ethnicity, or national origin as part of employment actions and did not assign employees the duties of a DEI office. However, the engagement highlighted opportunities for TTUS to further clarify internal Senate Bill 17 guidance, specifically regarding memberships in professional organizations and participation in external conferences. The TTUS Office of General Counsel clarified internal Senate Bill 17 guidance and distributed the amended guidance to the component institutions' presidents in July 2026.	
2026018	7/31/2026	Office of Audit Services Data Analytics Program	The Office of Audit Services' strategic plan includes a strategic initiative to invest in and embrace technology to pursue transformative ideas and increased efficiency. One way we have chosen to accomplish this initiative is to emphasize the use of data analytics throughout multiple aspects of our work. This closeout report for fiscal year 2026 provides a high-level overview of the work performed over the past year to stand up a formal Data Analytics Program, including an internal staffing change to devote resources to and promote accountability for this strategic initiative. Audit Services will continue evaluating opportunities to expand analytics and emerging technology usage in an effort to enhance the services we provide across TTUS.	No recommendations to implement.
N/A	7/31/2026	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, Assistant Chief Audit Executive Jessica Wilson 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. Wilson 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.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
N/A	8/13/2026	Office of Audit Services 2027 Annual Audit Plan	In accordance with the Texas Internal Auditing Act (V.T.C.A., Government Code, §2102.005), we prepared our 2027 annual audit plan based on the results of a formal risk assessment process. The plan includes audits required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We 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 07.02.6 of the Regents' Rules require Board approval of the plan.	No recommendations to implement.

Audits Completed

Texas Tech University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025057	9/3/2025	Mechanical Engineering Student Work Hours Investigation	This engagement was not included in our annual plan but was conducted after notification of potential falsified timesheet submissions by a student assistant in the TTU Department of Mechanical Engineering (Department). The objective of this investigation was to determine if the student assistant submitted false timesheet hours. The investigation confirmed that the student assistant consistently submitted and was paid for unworked hours (372 hours totaling $3,720 during the 2024-2025 academic year). However, auditors did not conclude fraud was committed since the Department did not provide direction or expectations regarding the student assistant's schedule and time submissions. Opportunities exist for the Department to strengthen supervision of student workers and ensure compliance with TTU operating policy and procedure regarding employee work hours.	Implemented
2026009	10/7/2025	Red Raider Facilities Foundation, Inc. 2025 Financial Statements	The independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, audited the financial statements of Red Raider Facilities Foundation, Inc., for the year ended August 31, 2025. 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.
2025056	11/4/2025	Sri Lankan Students Association Investigation	This engagement was not included in our annual plan but was conducted after a report alleging the Sri Lankan Students Association (Association) used TTU funds for personal trips. As a result, the objective of this investigation was to review the Association's expenditures for fraud, waste, and abuse.	Incomplete/ongoing One recommendation is in progress, and the remaining recommendation is pending an update from management.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Overall, the Association's trips and expenditures align with their bylaws' objective "to address the needs of the Sri Lankan students of Texas Tech University and their families." Auditors did not identify fraud, waste, or abuse. However, while not originally included in the objective, auditors identified opportunities to mitigate student organization travel risks and strengthen compliance with TTU operating policies and procedures. Management agreed with the recommendations to establish a process to ensure all drivers for University-related travel are approved by the TTUS Office of Risk Management and to communicate trip manifest requirements and emphasize the importance of manifest accuracy.	
2026008	1/6/2026	Intercollegiate Athletics FY 2025 NCAA Financial Agreed-Upon Procedures	James Moore & Co., P.L., an independent CPA firm, performed agreed-upon procedures at TTU required annually by the NCAA. For the year ended August 31, 2025, the external auditors reviewed revenues and expenses, noting changes from budgeted amounts or from prior years. The engagement performed was not an audit, so no opinion was expressed by the auditors.	No recommendations to implement.
2026037	1/13/2026	College of Media & Communication	The objective of this audit was to review the College of Media & Communication's endowment spending for compliance with the intended use of funds as established in donor endowment agreements. Auditors concluded that the College's endowment spending generally complies with the intended use of funds in the donor endowment agreements. However, the College has opportunities to enhance financial controls to further ensure compliance with TTU operating policies and procedures, regardless of funding source. College management should emphasize the importance of complete supporting documentation and explanations for transactions as well as the importance and necessity of detailed reviews and reconciliations.	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2026031	3/16/2026	Cybersecurity Program Gap Analysis	This report was issued as confidential and is excepted from public disclosure.	Incomplete/ongoing Both recommendations are in progress.
2026011a	4/27/2026	University-School Partnerships for the Renewal of Educator Preparation (US PREP) Data Use Compliance	This report was issued as confidential and is excepted from public disclosure.	The Data Use Compliance Agreement with the Texas Education Agency requires an annual test for compliance with the agreement. As such, we will follow up on the recommendations in next year's audit.
2026011b	4/27/2026	College of Education Remote Employee Workstation Configuration	This report was issued as confidential and is excepted from public disclosure.	Implemented
2026030	7/9/2026	Raider Success Hub Application and Data Security Controls	This report was issued as confidential and is excepted from public disclosure.	Incomplete/ongoing Both recommendations are not yet due.
2026022	7/13/2026	Texas University Fund Compliance	The Texas University Fund (TUF) was established by the Texas Legislature to create a major, constitutionally-backed endowment providing sustainable funding to elevate the research efforts of specific Texas universities by boosting their research capacity, attracting top faculty, and driving the state's economy by funding research, technology transfer, equipment, and student opportunities. For fiscal years 2024-2026, TTU received more than $159 million in TUF funding. The objectives of this audit were to determine whether TUF expenditures comply with Texas Education Code (TEC) §62.149 and to evaluate TUF educational efforts for gaps or opportunities to strengthen communication regarding TTU's utilization strategy and the allowable and unallowable uses of funds.	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Overall, TUF expenditures tested comply with TEC §62.149, and educational efforts ensure faculty and staff understand TTU's TUF utilization strategy and uses of funds.	
2026046	7/15/2026	Museum of Texas Tech University Association	The objectives of this engagement, which was added to our annual plan in anticipation of the agreement renewal between the Association and TTU, were to evaluate internal controls and financial activity surrounding the Association's external bank accounts; determine if the Association's assets are tracked and insured; and evaluate processes for receiving, receipting, tracking, and reporting donor gifts. Two Museum employees are dedicated to Association operations and fiscal management. The Association submits funds to the Museum each year to fund the two employees' salaries and fringe benefits. Overall, Museum employees have implemented a number of internal controls surrounding the Association's financial processes, asset management, and donor gifts, and Association expenditures reviewed had reasonable business purposes and were supported with documentation. However, Museum employees have an opportunity to further enhance the internal control environment by strengthening the Association's alcohol inventory and access controls and eliminating personal purchases using the Association's tax-exempt status.	Implemented

Audits Completed

Texas Tech University Health Sciences Center

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025025a	10/30/2025	Research Data Security and Controls	This report was issued as confidential and is excepted from public disclosure.	Incomplete/ongoing Three recommendations have been implemented, and the remaining two recommendations are in progress.
2025025b	10/30/2025	International Travel Approvals	During the Research Data Security and Controls audit (#2025025a), auditors identified weaknesses within the approval process for foreign travel, especially when researchers travel with research data and institutional devices. Neither the Office of Research and Innovation nor Information Technology are included in the notification or approval queues for international travel. Without notification, these offices lack awareness of the travel and the possibility of taking research data out of the country. Auditors recommended the Office of Global Health work with both the Office of Research and Innovation and Information Technology to expand foreign travel notifications and approval queues to include these departments prior to the Office of the President's approval.	Implemented
2025046b	2/5/2026	Pharmaceutical Receipt Processes	The objective of this audit was to evaluate the TTUHSC School of Medicine clinical departments' and School of Nursing Larry Combest Community Health & Wellness Center's (LCCHWC) internal controls surrounding pharmaceutical drug orders. The clinical departments and LCCHWC are responsible for ordering drugs, including controlled substances, through established accounts with a contracted pharmaceutical wholesaler or other approved vendors. Controlled substances pose a high risk for diversion. The U.S. Code of Federal Regulations and Texas Administrative Code require effective controls and procedures to guard against diversion. While non-controlled drugs pose a	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			lower risk for diversion and have less stringent requirements than controlled substances, there are still institutional risks pertaining to ordering, receiving, inventorying, reconciling, securing, and paying for noncontrolled drugs. Auditors found that the clinical departments and LCCHWC have implemented internal control structures surrounding pharmaceutical drug receipt processes, including controlled substances in applicable departments. Overall, both Schools' processes align with certain applicable Code of Federal Regulations and Texas Administrative Code internal control requirements; however, auditors identified opportunities to further strengthen the control structure for both Schools to ensure drug order payments are reconciled to order documentation and periodic physical access reviews of drug storage areas are performed.	
2026038	6/4/2026	TTUHSC Strategic Initiatives	TTUHSC established Strategic Initiatives in 2023 to further enhance health care across the state through external partnerships. Strategic Initiatives is comprised of the Office of Strategic Initiatives and Managed Care. The Office of Strategic Initiatives' operations closely align with Managed Care's operations (to provide health care services to vulnerable populations, including incarcerated offenders), and the Office of Strategic Initiatives' staffing is mostly comprised of Strategic Initiatives' leadership who split their time with Managed Care. Given the risk of commingled funds with shared personnel, the objective of this audit was to determine whether the Office of Strategic Initiatives and Managed Care have established a methodology to accurately allocate shared expenditures. Overall, the Office of Strategic Initiatives and Managed Care have established a methodology and policies to accurately allocate shared expenditures. Processes include detailed calculations and transfers to Managed Care for space and other	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			indirect costs, salary distributions based on time submissions, and travel allocations based on salary distributions.	
2026033	7/29/2026	Cybersecurity Program Gap Analysis	This report was issued as confidential and is excepted from public disclosure.	Incomplete/ongoing Two recommendations are in progress, and the remaining seven recommendations are not yet due.
2026032	7/31/2026	School of Medicine at Permian Basin	The objective of this audit was to determine if internal controls exist surrounding cash collection and deposit processes at the School of Medicine at Permian Basin. Overall, Permian Basin clinical departments have implemented certain controls within their cash collection and deposit processes, and deposits tested generally had dual verification and were complete and accurate. However, there are opportunities to strengthen internal controls and ensure compliance with TTUHSC operating policies and procedures related to security and accountability for funds, voided transactions, monitoring, departmental policies and procedures, and training. Management agreed with the recommendations to strengthen these controls and submitted an action plan.	Incomplete/ongoing This recommendation is pending OAS verification.

Audits Completed

Texas Tech University Health Sciences Center El Paso

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025047	9/8/2025	Police Department	The Texas Tech El Paso Police Department (Department) separated from the Texas Tech Police Department and became an independent agency in December 2023, requiring the development and implementation of its own policies and procedures and independent compliance with federal and state requirements. As such, the objectives of this audit were to evaluate controls surrounding evidence, inventory, and leave management processes; and to assess compliance with federal and state requirements related to reports, logs, and peace officer licensing and training. Overall, the Department has implemented effective controls over evidence, inventory, and leave management processes. Furthermore, the Department complies with its Jeanne Clery Campus Safety Act responsibilities and is also in compliance with Texas Commission of Law Enforcement requirements related to agency and employee licensing, training, and reporting requirements. Verbal recommendations were made to the Department related to utilizing the appropriate form to document employees' outside employment, performing periodic badge access reviews, and reviewing internal policies timely.	No recommendations to implement.
2025046a	1/16/2026	Pharmaceutical Receipt Processes	The objective of this audit was to evaluate the TTUHSC EP Paul L. Foster School of Medicine clinical departments' internal controls surrounding pharmaceutical drug orders. Each clinical department is responsible for ordering noncontrolled drugs through established accounts with a contracted pharmaceutical wholesaler. While non-controlled drugs pose a lower risk for diversion and have less stringent requirements than controlled substances, there are still institutional risks pertaining to ordering, receiving, inventorying, reconciling, securing, and paying for noncontrolled drugs.	Implemented

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			Auditors found that the clinical departments have implemented a number of internal control structures surrounding pharmaceutical drug orders; however, there are opportunities to ensure drug order payments are reconciled to order documentation and periodic physical access reviews of drug storage areas are performed.	
2026025	1/29/2026	Student Services and Student Engagement	Student Services and Student Engagement (Department) provides a range of services and resources to support student success and well-being, including financial aid, veteran affairs, counseling services, mental health resources, and accessibility and accommodation support. Institutional funds and student fee revenues help fund services, initiatives, and activities that benefit students. The objectives of this engagement were to evaluate and test expenditure processes to determine if they are appropriate and in compliance with departmental and institutional policies and to determine if student fees are administered and utilized in a manner consistent with state regulations and institutional policies. Overall, the Department's expenditures were appropriate and in compliance with departmental and institutional policies, and student fees are administered and utilized in a manner consistent with state regulations, institutional policies, and the fees' intended purpose. While the Department has implemented certain controls over the expenditure process, there are opportunities to strengthen controls by ensuring proper segregation of duties in submitting and approving purchase requisitions and formally documenting internal procedures related to monitoring student fee fund balances.	Implemented
2026034	7/11/2026	Clinical Trial Billing Processes	The objective of this audit was to determine whether internal controls exist surrounding clinical trial billing processes for accuracy, completeness, and compliance with sponsor agreements. Effective clinical trial billing processes are necessary to ensure compliance with federal regulations,	Incomplete/ongoing These recommendations are not yet due.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			sponsor agreements, and institutional policies as well as to increase future clinical trial opportunities. Overall, the Institution's clinical departments have implemented processes to submit required clinical trial data in the sponsors' electronic data capture system for automatic billing, maintain supporting documentation, and work with University Medical Center's (UMC) Compliance Research Manager when clinical trial services will be provided at UMC. However, there are opportunities to strengthen the clinical trial billing governance and control structure to ensure accuracy, completeness, and compliance with sponsor agreements and federal requirements. Recommendations were made to develop reconciliation and monitoring procedures to ensure timely identification and resolution of billing discrepancies and for Office of Research and Clinical Administration management to strengthen the clinical trial billing governance structure with standardized institutional policies, procedures, and training. Management agreed with the recommendations.	
2026040	7/31/2026	Professional Fee Billing Processes	The objective of this engagement was to determine if internal controls over the professional fee billing process ensure that services provided at The Hospitals of Providence (THOP) are identified and billed. Overall, the Medical Practice Income Plan Business Office and some clinical departments have established processes to identify and bill for services provided at THOP; however, there are opportunities to strengthen the control framework and improve professional fee billing processes through the implementation of formal, standardized policies and procedures, monitoring activities, and reconciliation procedures. Additionally, management should ensure the unbilled services identified during the audit are billed. Management agreed with the recommendations.	Implemented

Audits Completed

Angelo State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025029	10/23/2025	Special Events Facilities and Services	Special Events Facilities and Services is responsible for academic and auxiliary space reservations, operations, and management. The objectives of this audit were to determine whether space reservations were classified in accordance with ASU operating policy, space reservation charges were assessed in accordance with applicable fee schedules, and facility fee waivers were approved; evaluate the efficiency of space reservation pricing approval, fee waiver approvals, co-sponsorship approval, and reservation confirmation processes; and benchmark ASU's space reservation pricing structure against those of peer institutions to identify opportunities to streamline pricing and associated fees. Overall, Special Events Facilities and Services has opportunities to simplify its space reservation pricing structure to help ensure reservation requests are processed timely and in alignment with ASU operating policy and the established fee schedule. Benchmarking of peer institutions' space reservation pricing structures also supports simplifying ASU's approach. Recommendations were also made to document internal policies and procedures that include expectations for maintaining complete supporting documentation, processing reservations timely, and communicating with customers and to establish processes to validate customer eligibility for certain discounts. Management agreed with the recommendations.	Incomplete/ongoing This recommendation is in progress.
2026035	11/15/2025	Cybersecurity Program Gap Analysis	This report was issued as confidential and is excepted from public disclosure.	Implemented
2026013	1/15/2026	Intercollegiate Athletics FY 2025 NCAA Financial Agreed-Upon Procedures	Forvis Mazars, LLP, an independent CPA firm, performed agreed-upon procedures at ASU required every three years by the NCAA. For the year ended August 31, 2025, 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.	
2026014	2/16/2026	Robert G. Carr and Nona K. Carr Scholarship Foundation 2025 Financial Statements	The independent audit firm of Bolinger, Segars, Gilbert & Moss, LLP, performed the annual audit of the ASU Carr Scholarship Foundation for the year ended August 31, 2025. 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.
2026015	5/7/2026	ASU Foundation, Inc. 2025 Financial Statements	The independent CPA firm of Armstrong, Backus & Co., LLP, performed the annual audit of ASU Foundation, Inc., for the year ended August 31, 2025. 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.	No recommendations to implement.
2026050	6/11/2026	Hispanic-Serving Institution STEM Grant Program	This engagement involving the Hispanic-Serving Institution grant, Critical Pathways to STEM, was not included in our annual plan but was performed following a complaint submitted to our office by the Project Director alleging systemic internal control failures, communication breakdowns, and non-compliance with federal regulations. The objective of the engagement was to review the allegations and determine the validity and accuracy of each in the context of the internal control framework. The review of events and activities involving the grant did not identify systemic failures of key control activities or non-compliance with state or federal regulations. However, the internal control framework did not foster effective governance, oversight, and risk management, leading to communication	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			breakdowns between the Project Director and University leadership. Because this grant ends in September 2026 and the Project Director resigned in May 2026, we did not make recommendations for corrective actions specific to this grant. However, we encouraged University leadership to ensure governance and oversight committees document committee meeting minutes to serve as an official record of discussions, decisions, and assigned actions.	
2026026	7/28/2026	Office of the Registrar	This report was issued as confidential and is excepted from public disclosure.	Incomplete/ongoing Two recommendations have been implemented, and the remaining three recommendations are not yet due.

Audits Completed

Midwestern State University

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2026036a	3/30/2026	Disability Support Services	This report was issued as confidential and is excepted from public disclosure.	Incomplete/ongoing Nine recommendations have been implemented, and the remaining recommendation is not yet due.
2026036b	3/30/2026	Vendor Access	This report was issued as confidential and is excepted from public disclosure.	Incomplete/ongoing This recommendation is not yet due.
2026017	4/24/2026	MSU Foundation, Inc. 2025 Financial Statements	The CPA firm of MWH Group, P.C., performed the annual audit of MSU Foundation, Inc., for the year ended August 31, 2025. 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.
2026016	7/17/2026	Texas Higher Education Coordinating Board Facilities Audit	The objectives of this audit, which was included in our annual plan to comply with Coordinating Board requirements, were to determine whether MSU 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, September 2017 to May 2026. This period includes projects occurring prior to the MSU's integration into TTUS in September 2021 as well as those occurring thereafter. Overall, MSU is in compliance with Coordinating Board requirements related to obtaining Board of Regents approval	No recommendations to implement.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			for new construction, repair and renovation projects, and real property acquisitions as well as submitting accurate project data to the Coordinating Board for review. However, testing revealed that MSU Facilities Services did not submit a project application or a Board of Regents certification form to the Coordinating Board for a 2017 project. Given the age of this project, the Coordinating Board does not require submission of the reports or any corrective action. MSU did not enter into any energy savings performance contracts subject to Coordinating Board reporting requirements during the scope period.	
2026027a	7/27/2026	Social Media Processes	Given the decentralization and inherent reputational risks associated with social media, the objectives of this audit were to identify accounts associated with MSU and determine if the accounts have been authorized, are necessary, and are accounted for in MSU's social media directory; evaluate colleges, departments, and student organizations' internal controls surrounding accounts; and evaluate group awareness of MSU's social media guidelines. MSU has not established an effective governance framework or adequate controls for social media management. Colleges and departments maintain independent accounts with varying levels of oversight. Numerous accounts are not operating in accordance with MSU's existing guidelines and have limited controls over account administration and management. MSU has opportunities to strengthen its social media governance and control environment by implementing a formal operating policy to ensure consistent account management practices, finalizing and communicating branding standards, increasing awareness of social media procedures following the approval of the formal operating policy, and developing social media training. Management agreed with the recommendations.	Incomplete/ongoing One recommendation is in progress, and the remaining four recommendations are not yet due.

Audits Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2026027b	7/27/2026	Student Media Outlets	During the Social Media Processes audit (#2026027a), auditors identified an opportunity for improvement related to student media outlets. Student media outlets are not subject to MSU's social media guidelines. Rather, student media outlets are governed by MSU Operating Policy 10.08, *Student Publication Policy.* This policy, last revised in 2006, does not address electronic media outlets, including social media platforms. Revising the policy will enhance consistency, ensure continuity, and provide clear guidance for student media outlets engaged in digital publishing. MSU management agreed and will update the policy.	Incomplete/ongoing This recommendation is not yet due.
2026027c	7/27/2026	Student Organizations Social Media	During the Social Media Processes audit (#2026027a), auditors identified an opportunity for improvement that is best addressed by the Division of Student Affairs. Registered student organizations are not currently governed by MSU's social media guidelines. Primary responsibility for managing social media activity generally rests with the student organizations, often with little oversight or direction. Additionally, faculty or staff sponsors are often not designated as additional account administrators. Consequently, MSU may have limited visibility into and control over the content published through these accounts as well as continuity of account management when students graduate or transition out of the organization. A recommendation was made to strengthen the governance framework for registered student organizations' social media accounts to align with MSU's social media operating policy once it is approved and implemented. Management agreed with the recommendation.	Incomplete/ongoing This recommendation is not yet due.

Consulting Engagements Completed

Texas Tech University System and Components

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
2025042	9/28/2025	TTUS External Service Billing and Collection	In consultation with the TTUS Office of the Chief Financial Officer, the objective of this management advisory engagement was to provide governance and internal control recommendations for TTUS external service billing and collection processes. Two TTUS offices recently began generating external service revenue. Leader & Culture Development offers presentations, consulting, and workshops. 3 Rivers Ranch, operated by Institutional Advancement, offers cabin, bunkhouse, and classroom rentals and collects campsite, RV hookup, and property entry fees. Both offices have external service growth potential, and TTUS may have future external service opportunities. Auditors noted opportunities to strengthen internal controls surrounding external service billing and collection processes as well as opportunities to further coordinate with TTU departments to ensure compliance with federal and state regulations and internal policies and procedures related to extension of credit, external service rates, hotel occupancy taxes, unrelated business income, and contracting.	No management response was required for this advisory engagement.
2025050a	12/19/2025	MSU Faculty Load and Reporting	During fiscal year 2024, MSU extensively revised its operating policy governing academic load. The updated policy established a standard academic load and provides guidelines for adjustments, exceptions, and administrative release. Following the operating policy's first year of implementation, the Provost requested an assessment to evaluate compliance, identify opportunities to improve operational efficiency, and develop recommendations to enhance consistency, reliability, and transparency of faculty load data. Therefore, in consultation with the Provost, the objectives of this management advisory engagement were to review each college's faculty load and reporting processes and evaluate alignment with policy, identify potential inconsistencies or inefficiencies, and evaluate the effectiveness and accuracy of	No management response was required for this advisory engagement.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			MSU's processes for collecting, validating, and reporting faculty load. Auditors concluded that the Provost has opportunities to strengthen faculty load validation and reporting controls and to enhance data collection and accuracy, operational efficiency, and policy guidance.	
2025050b	12/19/2025	MSU Registrar's Office Reporting and Validation	During the Faculty Load and Reporting management advisory engagement (#2025050a), auditors observed two areas for improvement that are best addressed by Enrollment Management. Recommendations were made for Enrollment Management to implement verification procedures to ensure faculty load data submitted to the Texas Higher Education Coordinating Board (THECB) is accurate and aligned with reporting requirements and to implement cross-training and documented procedures related to preparation and submission of all THECB Coordinating Board Management reports.	No management response was required for this advisory engagement.
2026028	1/23/2026	TTUS Office of Risk & Compliance	This management advisory engagement was included in our annual plan to provide assistance after recent leadership transition. In consultation with management, the objective of this engagement was to evaluate student travel incident response and trip identification processes at TTU. Student travel oversight is mostly decentralized across TTU and as a result, faculty, staff, and student awareness of travel policies and processes is key. Auditors identified several opportunities for the TTUS Office of Risk & Compliance to enhance student travel policies and manage student travel risks through additional training, communication, and documentation.	No management response was required for this advisory engagement.
2026045	5/13/2026	Office of Strategic Initiatives Conflict of Interest Review	Four TTUHSC employees developed and commercialized software, resulting in the creation of Modul Hub, LLC (Modul). The objective of this management advisory engagement was to determine if TTUHSC's procurement of Modul services for Strategic Initiatives' operations results in actual or perceived conflicts of interest.	No recommendations to implement.

Consulting Engagements Completed

Audit Number	Report Date	Report Title	Observations and Recommendations	Status
			We concluded the procurement of Modul services for Strategic Initiatives' external partnership operations does not align with TTUS Regents' Rules or TTUHSC operating policies and results in actual and perceived conflicts of interest given Modul owners' employment positions within Strategic Initiatives. We communicated detailed results to TTUHSC management and encouraged them to evaluate alternative strategies that facilitate compliance with conflict of interest policies. In response, management is implementing internal functionality that will eliminate Modul service procurement needs. Modul has also requested to terminate their contract with TTUHSC. Completing these activities will mitigate conflicts of interest and facilitate compliance with conflict of interest policies.	

Other Value-Added Activities

Service to Texas Tech University System and Component Institutions

Activity	Impact
Participated in implementation meetings for a new policy management system (TTUSA)	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 on the TTUSA M365 Executive Steering Committee and related subcommittees	Contributed to the configuration and implementation of the TTUSA Microsoft 365 platform
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
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

Other Value-Added Activities

Participated on the MSU President's Cabinet	Strengthened the partnership and communication with members of MSU executive management regarding strategic direction and current operations
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 and mentors for the Association of College & University Auditors (ACUA)	Contributed to the profession of internal auditing and strengthened knowledge base
Served as 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 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

Other Value-Added Activities

Served as Vice President of the El Paso Chapter of The Institute of Internal Auditors (IIA)	Strengthened professional commitments and knowledge base by providing relevant, local continuing professional education opportunities
Served as Chapter Program Chair of the Wichita 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 Members 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
Presented training sessions for TACUA	Contributed to the profession of internal auditing and strengthened knowledge base
Presented on the value of a CPA license and professional organizations for TTU and Lubbock Christian University Accounting students	Contributed to the accounting pipeline and profession

Professional Service to the Community

Activity	Impact
Served as committee member of the Technology and Risk Committee for the Ronald McDonald House of Wichita	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

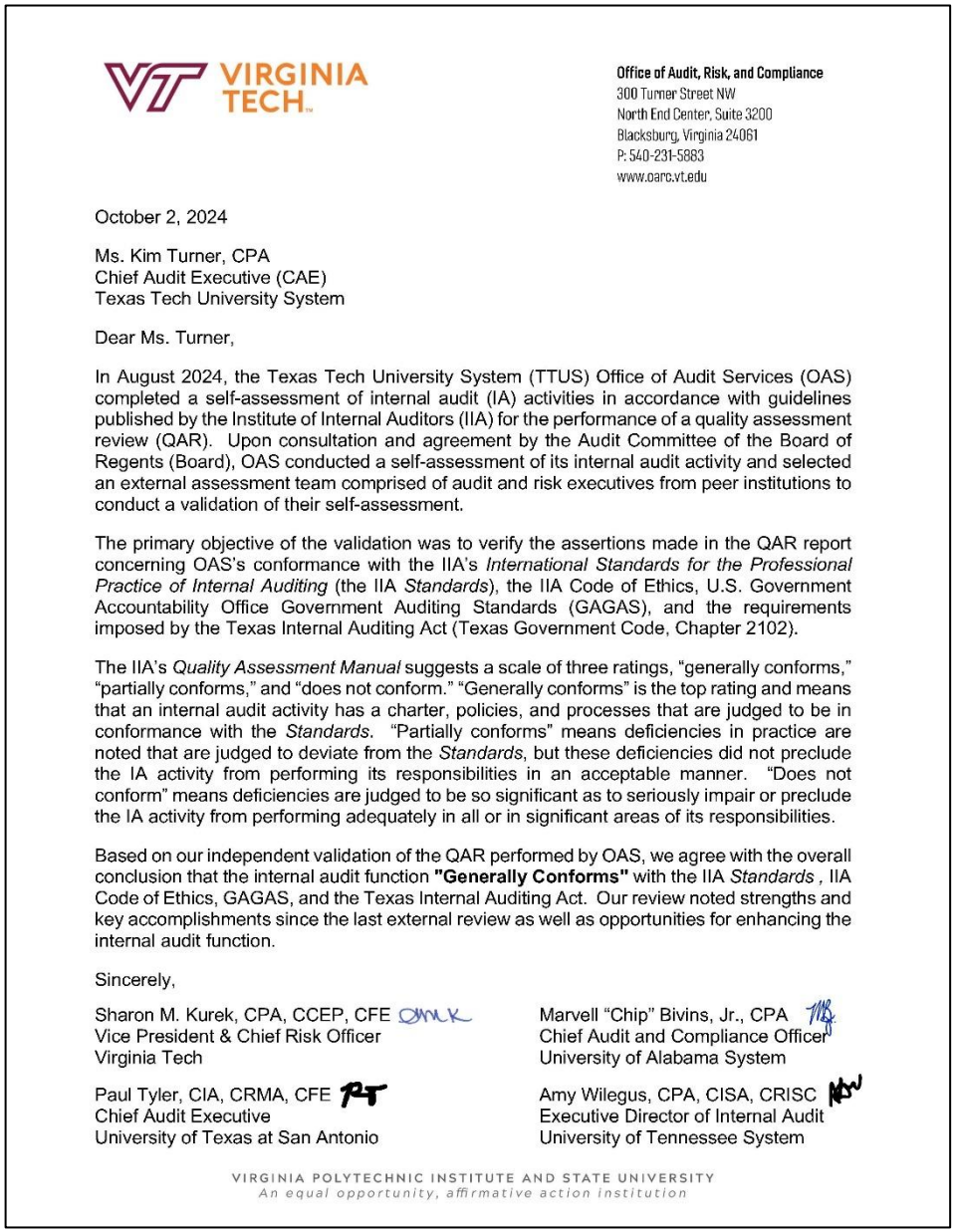
External Audit Services

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. 2025 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: TTUHSC Laboratory Animal Resource Center Expansion MSU Bolin Hall Expansion & Renovation	Fort Hill Associates, LLC CBIZ Risk & Advisory Services
Texas Tech University	Red Raider Facilities Foundation, Inc. 2025 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Texas Tech University	Intercollegiate Athletics Agreed-Upon Procedures	James Moore & Co., P.L.
Angelo State University	Intercollegiate Athletics Agreed-Upon Procedures	Forvis Mazars, LLP
Angelo State University	ASU Foundation, Inc. 2025 Financial Statement Audit	Armstrong, Backus & Co., LLP
Angelo State University	Robert G. Carr and Nona K. Carr Scholarship Foundation 2025 Financial Statement Audit	Bolinger, Segars, Gilbert & Moss, LLP
Midwestern State University	MSU Foundation, Inc. 2025 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



VIRGINIA TECH

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October 2, 2024

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

Dear Ms. Turner,

In August 2024, the Texas Tech University System (TTUS) Office of Audit Services (OAS) completed a self-assessment of internal audit (IA) activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). Upon consultation and agreement by the Audit Committee of the Board of Regents (Board), OAS conducted a self-assessment of its internal audit activity and selected an external assessment team comprised of audit and risk executives from peer institutions to conduct a validation of their self-assessment.

The primary objective of the validation was to verify the assertions made in the QAR report concerning OAS's conformance with the IIA's *International Standards for the Professional Practice of Internal Auditing* (the IIA *Standards*), the IIA Code of Ethics, U.S. Government Accountability Office Government Auditing Standards (GAGAS), and the requirements imposed by the Texas Internal Auditing Act (Texas Government Code, Chapter 2102).

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

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

Sincerely,

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

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

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

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

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
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Annual Plan for Fiscal Year 2027

The annual audit plan for Texas Tech University System for the year ending August 31, 2027, was approved by the Audit Committee of the Board of Regents on August 13, 2026. The Office of Audit Services 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 18,785 hours. The table below details the allocation of chargeable hours by service type.

Type of Service		Total	% of Total	Description
Risk-Based Engagements				
	Assurance	9,935	53%	Audits of operations and processes to address identified risks
	Management Advisory	985	5%	Consulting engagements requested or identified
	Follow-Up	500	3%	Follow-up on management action plans from prior audits
Required Engagements		1,365	7%	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	1,000	5%	Institutional committees, conducting campus training, etc.
	Service to the Profession	500	3%	Service in professional organizations and on peer review teams
	OAS Operations and Staff Development	2,000	11%	Annual audit plan and report, quality assurance and improvement program, continuing professional education, strategic initiatives
		18,785	**100%**	

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.

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 2027 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, TTUHSC Correctional Managed Health Care Contract, and ASU Artificial Intelligence Center of Excellence State Appropriation.

Texas Tech institutions periodically engage third parties to assess compliance with Texas Administrative Code 477 (formerly 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 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.

There are 45 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, and information technology data security and controls. Engagements included in the annual audit plan for fiscal year 2027 are listed below along with each engagement's intended scope. Engagements where the Office of Audit Services will assist an external agency or audit firm are noted with an asterisk.

Texas Tech University System & Components
Data Analytics Program (Analytics)
House Bill 127 Compliance (Compliance)
Chancellor's Office (Management Advisory)
Cybersecurity Topical Requirement Gap Analysis (Information Technology)
Texas Tech Foundation, Inc. Financial Statements* (Financial)
Regents, Chancellor, and Presidents Travel and Other Expenses* (Compliance)
Cancer Prevention and Research Institute Grant Funds* (Financial/Compliance)
Contracting and Procurement Processes (Compliance)
Multihazard Emergency Plan Safety and Security Audit (Compliance)

Texas Tech University
State Appropriation Funding Compliance (Compliance)
Reese National Security Complex Security Processes (Compliance/Controls)
Canvas Implementation Review (Governance/IT Controls)
Intercollegiate Athletics (Financial/Operational)
Texas Tech Alumni Association (Operational/Controls)
Costa Rica (Financial)
Fleet Management Program (Operational/Compliance)
Background Check Process (Operational)
Financial Transaction System (Controls)
NCAA Financial Agreed-Upon Procedures* (Financial)
Red Raider Facilities Foundation, Inc. Financial Statements* (Financial)

Annual Plan for Fiscal Year 2027

Texas Tech University, continued
University School Partnerships for the Renewal of Educator Preparation Data Use Compliance (Compliance)

Texas Tech University Health Sciences Center
State Appropriation Funding Compliance (Compliance)
Cooper Institute Data Management and Security (Data Security/IT Controls)
Department of Psychiatry (Financial/Controls)
Student Financial Aid (Operational/Compliance)
Simulation Program (Financial/Operational)
Web Content Governance and Processes (Management Advisory)
Correctional Managed Health Care Contract (Compliance)
Willed Body Program (Compliance)

Texas Tech University Health Sciences Center El Paso
Department of Psychiatry (Financial/Compliance)
Cybersecurity Topical Requirement Gap Analysis (Information Technology)
Student Admissions Processes (Operational/Controls)
Good Faith Estimate Processes (Compliance/Controls)
Willed Body Program (Compliance)

Angelo State University
Center for International Studies (Financial/Compliance)
Artificial Intelligence Center of Excellence State Appropriation (Financial/Compliance)
Office of the Provost Transition (Management Advisory)
Carr Foundation Financial Statements* (Financial)
ASU Foundation, Inc. Financial Statements* (Financial)

Midwestern State University
Device Management Controls (IT Controls)
Cybersecurity Topical Requirement Gap Analysis (Information Technology)
Police Department Administrative Processes (Operational)
Bursar Office Processes and Controls (Operational/Controls)
NCAA Financial Agreed-Upon Procedures* (Financial)
MSU Foundation, Inc. Financial Statements* (Financial)

Annual Plan for Fiscal Year 2027

In addition, the Office of Audit Services included hours on the fiscal year 2027 annual audit plan for external construction audits and to assist with miscellaneous state and federal involuntary engagements. Risk categories rated as “high” but that are not addressed through the fiscal year 2027 annual audit plan include institutional reputation, accreditation and academic excellence, and community and partner relationships.

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.ttuhsc.edu, www.ttuhscep.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.