



TEXAS TECH UNIVERSITY SYSTEM™

Office of Audit Services

Annual Audit Plan

For the Year Ending August 31, 2019

Kimberly F. Turner, CPA

Chief Audit Executive

August 9, 2018



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Transmittal Letter



August 9, 2018

Mr. Mickey L. Long
Audit Committee Chair, Texas Tech University System Board of Regents

We are pleased to submit the annual plan of the Office of Audit Services of Texas Tech University System for the year ending August 31, 2019. The plan includes audits that are required by statute or administrative policy, assistance required by external auditors, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled approximately thirty percent of our time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work.

We appreciate the support you offer us in the performance of our responsibilities and formally request that you approve this plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kim Turner".

Kimberly F. Turner, CPA
Chief Audit Executive

Approved by: Mickey L. Long August 9, 2018
Mr. Mickey L. Long

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.



Quality Assurance Program

We have instituted a continuous quality improvement control effort as required by internal audit standards. We evaluate the quality of our services by

- completing a self-assessment questionnaire at the end of each engagement;
- measuring our performance against predetermined benchmarks that encourage excellence;
- surveying our 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 our office's operations to gauge compliance with internal audit standards; and
- submitting to periodic assessment by external peer review teams comprised of experienced higher education audit professionals.

Performance Measures



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

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



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 components. 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 are in the early stages of implementing a formal Enterprise Risk Management (ERM) program. In conjunction with this program, management of Texas Tech University System, Texas Tech University, Texas Tech University Health Sciences Center, Angelo State University, and Texas Tech University Health Sciences Center El Paso, respectively, provided risk information related to strategic goals and operational processes of the institutions.

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

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



Allocation of Time

Our staff consists of 17 audit professionals. After consideration of estimated time for staff meetings, continuing professional education, holidays, and annual leave, we determined our allocable chargeable time to be approximately 21,000 hours.

Of this time, approximately 1,300 hours will be dedicated to performing required audits, assisting external auditors, and completing other mandatory projects. Additionally, 2,500 audit hours are needed to complete engagements from the fiscal year 2018 annual audit plan that are in progress at year-end. We have set aside 31 percent of total chargeable time (approximately 6,500 hours) for unscheduled projects and other value-added work, including board and management requests, investigations, service to the profession, institutional committee service, follow-up on prior audits, and special projects. The remaining 10,700 audit hours have been allocated to the projects determined through the risk assessment process. The risk-based engagements as well as the required audits are listed on pages 9-13.



Planned Engagements

Texas Tech University System and Components

CPRIT Grant Funds

Contracting and Procurement Processes

Texas Tech Foundation, Inc. Financial Statements

Regents, Chancellor, and Presidents Travel and Other Expenses

Risk Management Assessment

Office of Audit Services Annual Report

Office of Audit Services Annual Plan

Office of Audit Services Quality Assurance Activities Review

LP&L Power Purchase Agreement

Security Camera Policies

Office of Investments

Office of Institutional Advancement

IT Risk Assessment Framework

Construction Audits

State Auditor's Office, THECB, and Comptroller's Office Misc. Projects

External Audit

Compliance

External Audit

External Audit

Risk Management

Compliance

Compliance

Compliance

Compliance

Management Advisory

Financial/Operational

Management Advisory

IT/Controls

External Audit

External Audit

Planned Engagements (continued)



Texas Tech University

Time & Effort Reporting Processes

Payroll Security and Processes

Research Safety Governance

College of Education

Intercollegiate Athletics

CS Gold Application Security

School of Music Cash Controls

Costa Rica Campus

Student Success and Retention

Athletics Financial Agreed-Upon Procedures

Texas Tech Public Media Financial Statements

Football Attendance Certification

Compliance

IT/Controls

Governance

Financial/Operational

Operational/Compliance

IT/Controls

Controls

Financial

Operational

External Audit

External Audit

Compliance

Planned Engagements (continued)



Texas Tech University Health Sciences Center

Time & Effort Reporting Processes

Department of Ophthalmology EyeDoc Express Application Controls

Industrial Control Systems Security

Office of Strategic Initiatives Revenue Cycle Unit

GE Centricity Business – Dictionary Change Management

Food and Entertainment Expenses

School of Medicine – Permian Basin

Garrison Institute

SACS Financial Statement Review

Correctional Managed Health Care Contract

Joint Admission Medical Program Grants – Lubbock SOM

Texas Higher Education Coordinating Board Residency Grants

Compliance

IT/Controls

IT/Controls

Management Advisory

IT/Controls

Financial

Operational/Controls

Financial

External Audit

Compliance

Compliance

Compliance

Planned Engagements (continued)



Texas Tech University Health Sciences Center El Paso

Time & Effort Reporting Processes

Transmountain Campus Business Processes

IT Network Security

PLFSOM Department Cash Controls

Amazon Purchases

GE Centricity EMR Application Controls

PLFSOM Department of Emergency Medicine

Library Cash Controls

Data Loss Prevention Controls

Joint Admission Medical Program Grants – El Paso PLFSOM

Texas Higher Education Coordinating Board Residency Grants

Compliance

Financial/Controls

IT/Controls

Controls

Financial/Controls

IT/Controls

Financial/Controls

Controls

IT/Controls

Compliance

Compliance

Planned Engagements (continued)



Angelo State University

Graduate Studies Tuition

Grant Administration Processes

Hispanic Serving Institution (HSI) Grants

Housing and Residential Programs

ChromeRiver System Post-Implementation Review

Carr Foundation Financial Statements

ASU Foundation, Inc. Financial Statements

Financial/Compliance

Operational/Compliance

Financial/Compliance

Financial/Compliance

IT/Controls

External Audit

External Audit

Nature of Work



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

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; and
- 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.

Audit Process



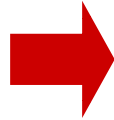
Audit and consulting engagements are performed in three general phases: planning, fieldwork & review, and reporting. As indicated earlier, the success of our efforts is monitored through a broad internal and external quality assurance program. The illustration on the following page documents the procedures normally employed in the performance of an engagement.



Audit Process (continued)

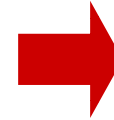
Planning

- Select engagement team
- Perform engagement risk assessment with input from the client, management, and audit team members
- Develop audit scope and objectives
- Document anticipated deliverables
- Prepare audit program
- Hold entrance conference



Fieldwork & Review

- Develop and perform detailed testing
- Document and evaluate processes and controls
- Interview client staff members
- Perform other audit procedures to meet audit objectives
- Review work papers for completeness and accuracy
- Evaluate audit evidence and develop conclusions
- Communicate with client on an ongoing basis



Reporting

- Document strengths and opportunities for improvement
- Communicate with client management regarding audit results
- Develop recommendations
- Prepare draft report
- Obtain management's plan of action to address issues
- Prepare final report
- Evaluate audit performance
- Follow up on implementation of action plans



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