



Department of Internal Audit, Assurance and Compliance Services
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November 1, 2021

State of Texas Oversight Agencies

Governor's Office

State Auditor's Office

Legislative Budget Board

The Texas Internal Auditing Act, Texas Government Code Sec. 2102 requires that the state agencies' Internal Auditor provide Annual Internal Audit Report each fiscal year. The information to follow addresses the requirements of the Annual Report as established by the State Auditor's Office.

Please do not hesitate to reach out should you have any questions regarding the contents of the Annual Report.

Very truly yours,

Charla Parker-Thompson

Charla Parker-Thompson
Chief Audit Executive

/cpt
Attachments



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- I. Compliance with Texas Government Code, Section 2102.015: Posting of the Internal Audit Plan, the Annual Internal Audit Report, and other Audit Information on the website.

To comply with the Texas Government Code as indicated, Texas Southern University posts specified information on its website.



II. Internal Audit Plan for Fiscal Year 2021

In FY2021, the Office of Internal Audit and Fraud committed 9,550 hours to completing reviews / audits and special projects for Texas Southern University. Quarter 1 of fiscal year 2020 (Q1 FY2020) marks the beginning of the review and investigation of special matters impacting critical process within the Enrollment Services function of the institution; these activities concluded by Q3 FY2021. Conversely, access to information and resources at the University were also impacted due to the coronavirus (from Q3 FY2020 – Q3 FY2021). Full in-person schedules and activities resumed effective July 1, 2021. The fiscal year thus entailed the completion of 6,800 hours for areas/projects detailed in the audit plan, and 2,750 hours were expended on special matters. Specific areas comprising the FY2021 audit plan that were not completed by FY2021 year-end are either in progress, or have been rolled over to the FY2022 audit plan.

The Enterprise Risk Management (“ERM”) Initiative (inclusive of Regulatory and Risk Management Compliance measures) is an element disclosed within the FY2021 and FY2022 Audit Plan. Q1 FY2021 marks the inception of the centralized Division of Compliance at TSU, and the Enterprise Risk Management office is now the resident owner of the ERM Initiative. The Office of Internal Audit & Assurance, plays an integral role in the facilitation of ERM at TSU, and the Comprehensive Risk Assessment process detailed herein marks the inception of our annual internal audit planning process, but also serves as the risk-related, assessment activities of the ERM process. Data derived from the following tools: 1) Business Process Risk Assessment Survey, 2) the Fraud Risk Assessment Survey, 3) the Probability/Impact Analysis, 4) the Internal Controls Maturity (ICM) Assessment, and 5) the Risk and Controls Matrix; are utilized to formulate the University’s Risk Register, which is the BOR and President’s executive management tool that provides insight that supports the University’s executive decision making regarding risk acceptance, risk avoidance and risk tolerance. TSU will fully implement ERM campus-wide throughout each of its 105 auditable entities in fiscal year 2022.



FY2021 INTERNAL AUDIT PLAN RESULTS



AUDIT UNITS	TIME COMMITMENT	ACTUAL TIME COMMITTED	STATUS
SCHEDULED AUDITS			
Post Construction Audit (selective projects) ** § (Modified to) Lump Sum Vacation Payout (Q3 2021)	600	600	Complete
External Affairs (Academic Units/University)**	600	300	Complete
Procurement Process (Selective Projects)	600	300	In Progress
Facilities (Projects/Space Utilization*)	600	200	Complete (rollover to FY22)
Drug Free Schools and Communities Act*	350	350	Complete
Texas Legislative Internship Program*	250	250	In Progress

*Required

**Requested

§Special



TEXAS SOUTHERN UNIVERSITY
Internal Audit Plan for Fiscal Year 2021

AUDIT UNITS	TIME COMMITMENT	ACTUAL TIME COMMITTED	STATUS
OFFICE OF INFORMATION TECHNOLOGY REVIEWS (OIT)			
Continuity of Operations	350	--	In Progress
Security Assessment	250	250	Complete
Regulatory Compliance Assessments (Selective)	250	200	Complete
COLLEGE/DEPARTMENT REVIEWS			
College of Education	375	350	In Progress
Jesse H. Jones School of Business	375	300	In Progress
SPECIAL PROJECTS			
Enterprise Risk Management Initiative*	1,500	750	In Progress
Annual Audit Report (Includes FY2022 Audit Plan)	150	150	Complete



Fraud Investigations/Training	1,500	1,500	In Progress
Special Matters		2,750	Complete

AUDIT UNITS	TIME COMMITMENT	ACTUAL TIME COMMITTED	STATUS
<u>External Audit Assistance</u>			
State Auditor's Office/ Oversight Agencies	300	300	Complete
Other External Auditors (*BKD; J. Walker & Co.)	300	300	Complete

MANAGEMENT SUPPORT & CONTINUOUS MONITORING			
Selective Research Centers/Grants/Contracts	400	--	In Progress
Fiscal Responsibility (Selective)	250	250	Complete
Regulatory Areas (i.e. Campus Programs for Minors)	150	150	Complete
AUDIT FOLLOW-UP			
External Audits/Reviews Follow-Up	300	150	Complete
Internal Audits/Reviews Follow-Up	300	150	Complete



**Texas Southern University
Office of Internal Audit & Assurance
Summary of Staff Hours by Activity**

FISCAL YEAR 2021

<u>ACTIVITY</u>	<u>BUDGETED HOURS</u>	<u>ACTUAL HOURS</u>
Scheduled Audits	3,000	2,000
Information Technology	850	450
Departmental Reviews	750	650
Special Projects	3,750	3,000
Management Support/ Monitoring	800	400
*Special		2,750
<u>Follow-Ups</u>	<u>600</u>	<u>300</u>
	9,750	9,550

Fiscal Year-Ended August 31, 2021.



III. Consulting Services and Non-Audit Services Completed



Project Name	Project Objective/ Audit Objective	Observations / Findings / Recommendations	Fiscal Impact
Renew 2022 BANNER (ERP) 9 Upgrade. [Service on IT Governance Committee Committee/liaison role]	To facilitate the BANNER 9 upgrade to ensure that internal controls were evident as it relates to: requirements gathering, application development, change management, end - user testing, security roles design, cutover and go-live.	Appropriate user groups were established for the functional areas covered by key modules of the BANNER software. Ellucian served led the integration process and go-live; IT Governance Committee engaged.	Approx. \$1.2m
ERM Initiative	ERM function established within a centralized Compliance division. Audit to prepare risk-based components utilized in the Annual Internal Audit Planning process as the baseline for the initiation of a full ERM implementation.	Full ERM implementation to be presented to the BOR through the ERM function within the new Division of Compliance.	



IV. External Quality Assurance Review

Texas Southern University will complete its External Quality Assurance Review during FY2022.



FY2022 INTERNAL AUDIT PLAN



TEXAS SOUTHERN UNIVERSITY
Internal Audit Plan for Fiscal Year 2022

AUDIT UNITS	AUDIT TYPE	REQUIRED / ROLLOVER / RISK ASSESSMENT	TIME COMMITMENT (Estimated)
SCHEDULED AUDITS			
Public Funds Investment Act	Compliance/ Financial	Required	450
Facilities/Development Projects / Space Utilization Re-Audit	Compliance/ Operational	Required	500
Benefits Proportionality Audit	Financial	Required	350
Contract Administration Process (SB20 Portion)	Compliance/ Operational	Required	600
Human Resources Vital Records/ Documents and Process Review	Compliance	FY22 Risk Assessment	600
Disbursements Review	Financial/ Process	FY22 Risk Assessment	500



AUDIT UNITS	AUDIT TYPE	REQUIRED / ROLLOVER / RISK ASSESSMENT	TIME COMMITMENT
OFFICE OF INFORMATION TECHNOLOGY REVIEWS (OIT)			
Business Impact Assessment / Continuity of Operations	Compliance	FY2021/22 Risk Assessment	450
Security Assessment	Infrastructure and Application	Required	150
Regulatory Compliance Assessments (TAC 202)	Compliance	Regulatory (required)	150
COLLEGE/DEPARTMENT REVIEWS			
College of Science Engineering and Technology	Compliance/Operational	Requested	375
College of Pharmacy and Health Sciences	Compliance/Operational	Requested	375
SPECIAL PROJECTS			
Enterprise Risk Management (ERM)	Special Initiative	BOR	750
Annual Internal Audit Report (Includes FY2022 Audit Plan)	Administration	Required	250
Fraud Investigations/Training	Investigations/ Fraud Prevention Program	Required	1,500
<u>External Audit Assistance</u>			
State Auditor's Office; THECB; Comptroller, etc.	Support	N/A	300



Other External Auditors (i.e., BKD; J. Walker Co.)	Support	N/A	200
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MANAGEMENT SUPPORT & CONTINUOUS MONITORING			
AREA	PROJECT TYPE	REQUESTOR	TIME COMMITMENT
Selective Research Centers or Direct Grants and Contracts	Monitoring	FY2022 Risk Assessment	250
Fiscal Responsibility (Selective)	Compliance Monitoring	Management Requested	250
Regulatory Areas	Assurance Services/Monitoring	Executive Requested	250
AUDIT FOLLOW-UP			
External Audits/Reviews Follow-up*	Support	Required	250
Internal Audit/Reviews Follow-up	Support	FY2022 Planning	250
TOTAL FY2022 AUDIT TIME COMMITMENT - 8,750 HOURS			
TOTAL AVAILABLE AUDIT HOURS - 8,500 HOURS			

Please refer to the FY2022 Annual Internal Audit Plan approved by the TSU Board of Regents attached.



VI. Internal Audit Services Procured in FY2021

Procured External Audit Services in FY2021	
Audit Area	Services Provided
KTSU FM Radio	Annual Financial Audit for the Corporation for Public Broadcasting
Athletics	Annual Agreed-Upon Procedures
Earl Carl Institute for Social Policy	Annual Financial Audit



VII . Reporting Suspected Fraud Waste and Abuse

Pursuant to the requirements of Texas Government Code, Section 321.022, the Office of Internal Audit- Texas Southern University- reports to the State Auditor's Office any action brought to its attention in which it had "reasonable cause to believe that money received from the state by the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred". This information was submitted via the State Auditor's Office website quarterly (if any matters were brought to our attention).

In compliance with Article IX, Section 17.05 and Article XII, Section 5 (c), the General Appropriations Act, Texas Southern University has posted on its website (through the Office of Internal Audit & Assurance as well as the Office of Institutional Compliance intranet sections), how to report suspected fraud, waste and abuse through the University's Ethics and Compliance Hotline and/or to the State Auditor's Office ("SAO") Fraud Hotline. Included on this webpage are TSU's and the SAO's fraud hotline numbers and a link to the SAO website for the purpose of requirements review and/or to report fraud, waste or abuse.

The Investigations component of the Office of Internal Audit conducts general and/or specialized direct sessions on Fraud Awareness, Detection and Prevention. Additionally, Fraud Awareness, Detection and Prevention Training is required as a part of the University's prescribed mandatory trainings for employees through the University's Online Employee Training Center, which also includes other mandatory training areas including (but not limited to): Ethics and Code of Conduct, Sexual Harassment, Title IX Compliance, and Diversity Training. During the fiscal year, employees were trained in Fraud Awareness, Detection and Prevention.