



TEXAS SOUTHERN UNIVERSITY
3100 CLEBURNE STREET ♦ HOUSTON, TEXAS 77004
713-313-7011

OFFICE OF INTERNAL AUDIT CHARTER

A. PURPOSE

The purpose of the Office of Internal Audit & Fraud is to provide the independent examination, objective assurance, auditing and investigation services that enhance Texas Southern University's system of internal control and strengthens operations on behalf of the Board of Regents, the President, and management. The Office of Internal Audit & Fraud supports the University's achievement of its objectives through a strategic approach designed to improve the effectiveness of risk management, controls and compliance processes to accomplish:

- Effectiveness and efficiency of operations
- Reliability of financial and operational reporting
- Compliance with all applicable laws and regulations
- Compliance with Board policies, and the university manual of administrative policies and procedures (MAPPs).

B. FUNCTION AND AUTHORITY

1. The Office of Internal Audit & Fraud is authorized to direct a comprehensive program of internal auditing throughout the University. The Office of Internal Audit & Fraud operates under the direction of the Texas Southern University Audit Committee and the Board of Regents. The Chief Audit Executive reports functionally to the Chair of the Audit Committee. This charter provides the framework for the Office of Internal Audit & Fraud and the performance of activities and functions within Texas Southern University as defined by the Audit Committee.
2. The Office of Internal Audit & Fraud shall comply with the Texas Internal Auditing Act (Texas Government Code, Ch. 2102). The Office of Internal Audit & Fraud shall perform responsibilities in accordance with the Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), the Certified Internal Auditor Code of Professional Ethics, and the Statement of Responsibilities of Internal Auditing of the IIA. Financial auditing aspects shall be conducted in accordance with Generally Accepted Accounting Principles (GAAP) and any other standards adopted by applicable governing authorities (i.e. FASB, AICPA and the IIA).
3. The Office of Internal Audit & Fraud shall have full, free and unrestricted access to all university activities, records, property, and personnel to carry out their duties and responsibilities.
4. The Office of Internal Audit & Fraud is responsible for securing audit work papers, supporting documentation and other departmental information. Audit work papers are not subject to open records requests, as per the Public Information Act, Texas Government Code, Ch. 552.116.



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C. ORGANIZATIONAL RESPONSIBILITY

1. In accordance with the Texas Internal Auditing Act, the Chief Audit Executive will report to the Audit Committee of the Board of Regents (the Board). Copies of all audit reports and management letters will be forwarded to both the Board and the President. Reports involving matters relating directly to the President will be forwarded directly to the Board.
2. The Office of Internal Audit & Fraud will provide assistance to the President as a management resource tool provided that such assistance does not impair the independence of the Chief Audit Executive.
3. The Audit Committee is responsible for the appointment, dismissal or reassignment of the Chief Audit Executive, annual performance evaluation and compensation decisions related to the Chief Audit Executive.
4. The Audit Committee will annually review and approve the financial budget and the staffing plan for Internal Audit to ensure that appropriate resources are made available.
5. The Audit Committee will periodically review the Office of Internal Audit & Fraud's, Internal Audit Charter, and ensure that auditors have unrestricted access to the records, personnel, and physical properties relevant to the audits being conducted.
6. The Audit Committee will ensure, as required by the Texas Internal Auditing Act, that the internal auditing activity of Texas Southern University is complying with the IIA's International Standards for the Professional Practice of Internal Auditing and Code of Ethics, and Generally Accepted Government Auditing Standards.
7. The Board of Regents requires the Chief Audit Executive to develop an annual audit plan, which is based on a university-wide risk assessment, and present the audit plan to the Audit Committee annually for their review and approval.
8. The Board of Regents will be responsible for the monitoring of action plans established by management in response to deficiencies reported by the Office of Internal Audit & Fraud, as well as external audit firms and/or oversight agencies.
9. The Chief Audit Executive and staff will meet with the Audit Committee on a bi-monthly basis to review the audits performed, audits in progress, and future audits.
10. The Chief Audit Executive will meet with the President and CFO on a periodic basis, at least quarterly, to review audits completed, audits in progress, and future audits.

D. SCOPE OF RESPONSIBILITIES

The scope of responsibilities of the Office of Internal Audit & Fraud includes reviewing and determining if the systems of risk management, control and governance processes as designed and implemented by management are adequate and functioning in a manner such that the University's:



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- Risks are appropriately identified and managed.
- Financial, managerial, and operating information is accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws, and regulations.
- Operations are efficient and effective.
- Resources are acquired economically, used efficiently, and adequately protected.
- Accountability systems are in place to make sure organizational and program missions, goals, plans, and objectives are achieved.

Standard control frameworks will be utilized in the evaluation of business process and information technology systems of internal control (i.e. the COSO/ERM model (Committee of Sponsoring Organizations), and Control Objectives in Information Technology (COBIT) as sponsored by the Information Systems Audit and Control Association (ISACA)).

The Office of Internal Audit & Fraud has the responsibility to:

- Execute an annual, risk-based audit plan (including any risks and controls areas identified by the Board, Audit Committee, external audit firm and/or management) and submit the plan inclusive of periodic updates to the Audit Committee for review and approval.
- Conduct reviews and/or implement any special tasks as requested by the Board, Audit Committee, President or executive management.
- Determine whether organizational units are performing their functions efficiently and effectively, in compliance with management's guidelines and policies, and in a manner that is consistent with university objectives and standards.
- Lead in the investigation of significant suspected fraudulent activities within the University and enlist the support of General Counsel and University Police as required, and notify the Audit Committee, the Board and President of results.
- Communicate results of internal audits and recommendations to the Audit Committee, the President, and the most senior management responsible for implementing corrective action. Obtain written management responses and corrective action plans within a specified time frame from issuance of the audit reports. Provide quarterly monitoring reports to the Audit Committee and President of the remediation status of reported items.
- Issue all audit reports, management letters and related assessments to the Audit Committee Chair; and issue periodic reports to the Audit Committee, and the President summarizing results of audit activities. Additionally, issue reports to state agencies as required by the Texas Internal Auditing Act.
- Maintain a professional audit staff with sufficient knowledge, skills, experience and certifications to meet the requirements of this charter.
- Utilize outside services, where appropriate, to obtain specific expertise which may not be available internally to meet the requirements of this charter.



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- Coordinate with the State Auditor's Office, external audit firms, and other applicable oversight agencies as appropriate, for the purpose of ensuring optimal audit coverage to the University.
- Evaluate the design, development, implementation, and operation of major computer-based systems to ensure:
 - ✓ Adequate controls are incorporated in the system,
 - ✓ Thorough system testing is performed at appropriate stages, and
 - ✓ System documentation is complete and accurate
- Conduct periodic audits of computer service centers and perform post implementation/upgrade reviews of critical computer applications to determine whether these systems meet their expressed purposes and objectives.
- Provide the Audit Committee and the Board with Follow-Up Reports on the status of management's corrective actions relative to significant audit findings from both internal and external audits within one year of release.

E. INDEPENDENCE

The Office of Internal Audit & Fraud's objectivity and independence is largely based on its having no responsibility for or authority over the activities or operations subject to its review. The Office of Internal Audit & Fraud will not perform any operational duties, develop and install systems, implement procedures, initiate or approve accounting transactions, prepare records, or engage in any other activity that would occur in the normal course of business and which could reasonably be construed as a compromise in appearance and/or fact, to the independence of the Office of Internal Audit & Fraud.

F. CONSULTING/ ADVISORY SERVICES

In an effort to promote value-added services to improve the University's operations, the Office of Internal Audit & Fraud may perform advisory services, beyond internal auditing assurance services, to assist management in meeting its objectives. However, due to the limited number of audit staff, advisory services may be restricted in order to preserve auditor independence and impartiality, and may include (but is not limited to): training, review of policies and procedures, facilitation, process design, and committee participation. The Office of Internal Audit & Fraud reserves the option of utilizing external resources to perform advisory services requiring specific subject matter expertise or as deemed necessary to maintain auditor independence.

G. QUALITY ASSURANCE



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The Chief Audit Executive is responsible for the development and maintenance of a quality assurance and improvement program that encompasses all aspects of internal audit activity. This will allow for the evaluation of the conformance of internal audit activities with guidelines and standards adopted by the department, the Texas Internal Auditing Act, the IIA's International Standards for the Professional Practice of Internal Auditing, and Generally Accepted Government Auditing Standards. Activities of this program will include staff training, appropriate supervision, and peer reviews (internal and external).



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CHARTER APPROVAL

This charter represents the framework for the conduct of the Office of Internal Audit & Fraud at Texas Southern University. It is hereby proposed by the Chief Audit Executive and approved by the Audit Committee.

Recommended:

Charla Parker-Thompson
Chief Audit Executive
Charla Parker-Thompson

February 19, 2015
Date Submitted

Reviewed and Approved by the Audit Committee on February 20, 2015

M. Rose
Chairman of the Audit Committee
Regent Marilyn Rose

February 20, 2015
Date Approved