



**TEXAS SOUTHERN UNIVERSITY  
DEPARTMENT OF INTERNAL AUDIT &  
ASSURANCE SERVICES**

**FY2024 ANNUAL INTERNAL AUDIT REPORT  
DRAFT**

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October 17, 2024

The Honorable Greg Abbott, Governor  
Members of the Legislative Budget Board  
Internal Audit Coordinator, State Auditor's Office

Dear Ladies and Gentlemen:

Attached is the fiscal year (FY) 2024 Annual Internal Audit Report for Texas Southern University (TSU). This annual internal audit report is submitted in accordance with the Texas Internal Auditing Act requirement for state agency internal auditors to prepare and distribute an annual report (Government Code, Chapter 2102).

The Texas Internal Auditing Act requires agencies to file an annual report on their internal audit activities and the internal audit reports prepared for their governing board. The purpose of the Annual Internal Audit Report is to provide information on the assurance services, consulting services, and other activities of the internal audit function. In addition, the Annual Internal Audit Report assists oversight agencies in their planning and coordination efforts. According to Texas Government Code, Sections 2102.009 and 2102.0091, the FY 2024 Annual Internal Audit Report is due November 1, 2024.

Please contact Darlene Brown at 512.828.3218 or Regent Marilyn Rose if you should have any questions about this report.

Sincerely,



Darlene Brown, CIA, CFE  
Acting Chief Audit Executive

## I. COMPLIANCE WITH TEXAS GOVERNMENT CODE, SECTION 2102.015: POSTING THE AUDIT PLAN AND ANNUAL REPORT ON THE INTERNET

Texas Government Code, Section 2102.015, requires state agencies and institutions of higher education to post agency Annual Internal Audit Plans and Annual Internal Audit Reports to the agency's internet website within 30 days of approval. Texas Government Code, Section 2102.015, also requires agencies to update the posting on the website to include a detailed summary of any weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report and include a summary of the actions taken by the agency to address the issues raised.

In accordance with requirements of Texas Government Code, Section 2102.015, internal audit will ensure the required Annual Internal Audit Plan, Annual Internal Audit Report and any other required internal audit information is provided to the TSU's Chief of Staff for posting to their website.

## II. FISCAL YEAR 2024 INTERNAL AUDIT PLAN STATUS

#	Description	Report Number	Report Date	Report Title	Audit Status
1	Budget Process		Anticipated to be issued November 2024	Budget Process	In-Progress
	Revenue Streams and Controls	24-003	Final Report Pending Management Response	Revenue Streams and Controls	Completed
	Academic Advising Services			Academic Advising Services	Will finalize audit by December 2024
	Grants Office			Grants Administration	Will finalize audit by December 2024
	Student Fees			Student Fees	Completed
	Drug Free Communities Act Compliance Audit	N/A	N/A	N/A	Canceled – Audit Not Required
	Quarterly Network Access reviews	Emails listing our results are provided in leu of formal reports.			Completed
	Follow-Up on Audit Findings	24-001	February 26, 2024	Interim Report on Prior Audit Findings Follow-Up	Completed
	Risk Assessment and FY2025 Annual Internal Audit Plan Development				Completed
	Annual Internal Audit Report				Completed

### Deviations from FY2024 Annual Internal Audit Plan.

There were no deviations from the approved FY2024 Annual Internal Audit Plan.

### **III. CONSULTING SERVICES AND NON-AUDIT SERVICES COMPLETED**

Internal Audit did not provide consulting services to TSU during FY2024.

### **IV. EXTERNAL QUALITY ASSURANCE REVIEW (PEER REVIEW)**

Texas Southern University's Board of Regents outsourced their internal audit function in November 2022 through a competitive solicitation process. McConnell Jones, LLP (MJ) was selected to serve as the internal audit service provider.

MJ has been a member of the AICPA since 1987 and is subject to the AICPA's peer review process every three years. Our commitment to quality is underscored by the fact that, in our four most recent peer reviews, we have consistently received an unqualified opinion in external peer review reports on the quality of our accounting and auditing practice by the AICPA. After a thorough review of our procedures and work practices, which include reviews of our nonprofit, governmental, and commercial engagements, the reviewers concluded that MJ complies with the stringent quality control standards established by the American Institute of Certified Public Accountants. We provide a copy of our most recent peer review letter below.

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of **McConnell & Jones, LLP**, applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2020, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. **McConnell & Jones, LLP** has received a peer review rating of *pass*.

*Turner, Stone & Company, L.L.P.*

• Turner, Stone & Company, L.L.P.

*Your Vision Our Focus*

**Report on the Firm's System of Quality Control**

June 18, 2021

To the Partners of  
**McConnell & Jones, LLP**  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of **McConnell & Jones, LLP** (the Firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

**Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review.

**Required Selections and Considerations**

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

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## V. FISCAL YEAR 2025 INTERNAL AUDIT PLAN

The Acting Chief Audit Executive developed the Fiscal Year 2025 Annual Internal Audit Plan based on a comprehensive risk assessment and discussion with TSU Leadership and audit committee. Internal audit will conduct nine (9) audits, perform a risk assessment, conduct prior audit finding follow-up activities, prepare the FY 2026 Annual Internal Audit Plan and prepare the FY 2025 Internal Audit Annual Report in accordance with the Texas Internal Auditing Act. Hours dedicated to the audit plan are estimated to require **2,771 hours**. This audit plan intentionally provides flexibility to schedule unplanned audits when the need arises and conduct investigations as they are reported. The planned audits, scope, and estimated hours are summarized in the table below.

### Fiscal Year 2025 Annual Internal Audit Plan

Audit and Scope	Total Hours
Drug Free Communities Act Compliance Audit <ul style="list-style-type: none"> <li>✓ Required Illegal Use of Alcohol and Other Drugs Prevention Program Staffing and Activities</li> <li>✓ Required Communications</li> <li>✓ Information Capture</li> <li>✓ Required Reporting</li> </ul>	84
SB17 Compliance Audit (DEI) <ul style="list-style-type: none"> <li>✓ Programs</li> <li>✓ Training</li> <li>✓ Policies, Procedures, and Website</li> <li>✓ Written Communication</li> </ul>	120
Benefits Proportionality Reporting Compliance and Accuracy <ul style="list-style-type: none"> <li>✓ Required Report Submission Accuracy and Timeliness</li> </ul>	74
Auxiliary Services <ul style="list-style-type: none"> <li>✓ Book Store</li> <li>✓ Food / Dining Services</li> <li>✓ Child Development Center</li> <li>✓ Parking Office</li> <li>✓ Recreation Center</li> <li>✓ Student Housing</li> <li>✓ Athletics</li> </ul>	400
Enrollment Management <ul style="list-style-type: none"> <li>✓ Recruiting</li> <li>✓ Admissions</li> <li>✓ Enrollment</li> </ul>	340
Cash Management / Treasury & Investments <ul style="list-style-type: none"> <li>✓ Cash Flow Projections</li> <li>✓ Treasury Operations</li> </ul>	200
Public Funds Investment Act Compliance <ul style="list-style-type: none"> <li>✓ Policies</li> <li>✓ Reporting</li> <li>✓ Accuracy</li> </ul>	124
Financial Reporting <ul style="list-style-type: none"> <li>✓ Internal Reports</li> <li>✓ Annual Financial Report Readiness</li> <li>✓ External Reporting</li> </ul>	264



Audit and Scope	Total Hours
Cybersecurity	
✓ IT Infrastructure	
✓ IT Governance	316
Quarterly Network Access Testing	50
Follow-Up on Prior Audit Findings	210
Communications	80
Investigations, Special Requests, and Budget Monitoring	440
Risk Assessment	40
Annual Audit Plan Development	20
Annual Audit Report	8
<b>Total</b>	<b>2,771</b>
<b>Total Fees</b>	<b>\$500,000</b>

## VI. EXTERNAL AUDIT SERVICES PROCURED IN FISCAL YEAR 2024

The following represent external audit services that were procured by Texas Southern University or were ongoing in fiscal year 2024.

Audit / Review	External Auditor
FY2023 Financial Audit Services	FORVIS, LLP
Agreed Upon Procedures – Single Audit Repeat Findings	FORVIS, LLP
Earl Carl Institute for Social Policy Annual Financial Audit	John F. Coggin, CPA PLLC
KTSU FM Radio Annual Financial Audit for the Corporation for Public Broadcasting	Bruno & Tervalon
Internal Audit Services	McConnell Jones
Independent Reviews	Weaver and Tidwell, LLP

## VII. REPORTING SUSPECTED FRAUD AND ABUSE

Pursuant to the requirements of Texas Government Code, Section 321.022, the Department of Internal Audit and Assurance Services 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 to 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 information on 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 on its website in two locations: (1) the Department of Internal Audit and Assurance Services webpage, and (2) the Office of Institutional Compliance webpage. Included on these webpages 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.

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.

## **VIII. SIGNIFICANT INTERIM CHANGES**

Interim changes to the annual audit plan may occur from time to time due to changes in management direction, objectives, business risks, timing of initiatives, and staff availability. In accordance with IIA Performance Standard 2020, the acting chief audit executive will communicate any significant changes of the audit plan to TSU's Audit Committee, the Board of Regents, and the President. Notification of significant changes to the Internal Audit Plan approved by the Audit Committee will be submitted to the State Auditor's Office (SAO).