TEXAS SOUTHERN UNIVERSITY

INTERNAL AUDIT CHARTER

I. PURPOSE

A. The purpose of Texas Southern University's (TSU) Office of Internal Audit & Assurance Services (Internal Audit) is to strengthen TSU's ability to create, protect, and sustain value by providing the TSU Board of Regents, and University Administration with independent, risk-based, and objective assurance, advisory services, insight, and foresight.

Internal auditing enhances TSU's:

- successful achievement of objectives;
- governance, risk management, and internal control processes;
- decision-making and oversight;
- reputation and credibility with stakeholders; and
- ability to serve the public interest as a public university.

TSU's internal audit function is most effective when it is independently positioned, performed by competent professionals, and free from undue influence.

II. MANDATE

A. The internal audit function is established by University governance in accordance with Texas Government Code, Chapter 2102 (Texas Internal Auditing Act) and the applicable requirements in Texas Education Code § 51.9337 and other statutory requirements, as applicable.

III. PROFESSIONAL STANDARDS

A. Internal Audit will adhere to the requirements of the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). This includes adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework (IPPF), including the Global Internal Audit Standards™, the Code of Ethics contained in the IPPF, and Generally Accepted Government Auditing Standards (GAGAS).

IV. AUTHORITY

A. Authorization and Access

Texas Southern University's internal audit function mandate is found in the Texas Internal Auditing Act, which requires certain state agencies and higher education institutions to implement an internal auditing program.

The internal audit function's authority is created by its direct reporting relationship to the Board of Regents (the Board), via its Audit Committee. Such authority allows for unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carry out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

B. Scope Control and Use of Specialists

The Board of Regents authorizes Internal Audit to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives. Internal Audit may obtain assistance from the necessary personnel of TSU and other specialized services from within or outside TSU to complete internal audit services.

V. INDEPENDENCE, ORGANIZATION, AND REPORTING

A. Organizational Independence

The Chief Audit Executive (CAE) will be positioned at a level within TSU that enables internal audit responsibilities to be performed without interference, thereby establishing organizational independence.

B. Functional and Administrative Reporting

The CAE will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The CAE reports functionally to the Board of Regents via the Audit Committee.

The CAE reports administratively (day-to-day operations) to the University President or designee. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference, and supports the internal auditors' ability to maintain objectivity.

C. Confirmation and Disclosure

The CAE will confirm to the Board of Regents via the Audit Committee, at least annually, the organizational independence of Internal Audit. If the governance structure does not support organizational independence, the CAE will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The CAE will disclose to the Board of Regents via the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate

VI. BOARD OF REGENTS OVERSIGHT

A. To establish and maintain Internal Audit's authority and effectiveness, the Board of Regents, acting through its Audit Committee, will:

1. Approve and annually review this Internal Audit Policy and Charter;
2. Approve the risk-based internal audit plan and significant changes thereto;
3. Ensure the CAE has unrestricted access to the Audit Committee, including executive sessions when appropriate;
4. Receive periodic reporting on significant risk exposures, control issues, governance matters, and fraud risks; and

5. Ensure a Quality Assurance and Improvement Program is in place and review its results annually.
6. Ensure Internal Audit receives sufficient resources to complete the internal audit plan.

VII. CHIEF AUDIT EXECUTIVE ROLES AND RESPONSIBILITIES

A. Ethics and Professionalism

The CAE will ensure that internal auditors:

1. Conform to the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
2. Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
3. Encourage and promote an ethics-based culture in the organization.
4. Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

B. Objectivity and Avoidance of Management Responsibility

The CAE will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the CAE determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

1. Assessing specific operations for which they had responsibility within the previous year.
2. Performing operational duties for TSU or its affiliates.
3. Initiating or approving transactions external to the internal audit function.
4. Directing the activities of any TSU employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

1. Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the CAE, Board of Regents, management, or others.
2. Exhibit professional objectivity in gathering, evaluating, and communicating information.
3. Make balanced assessments of all available and relevant facts and circumstances.
4. Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

C. Managing the Internal Audit Function

The CAE is responsible for:

1. At least annually, develop a risk-based internal audit plan that considers the input of the Audit Committee and senior management. Discuss the plan with the Audit Committee and senior management and submit the plan to the Audit Committee for review and approval.
2. Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
3. Review and adjust the internal audit plan, as necessary, in response to changes in TSU's business, risks, operations, programs, systems, and controls.
4. Communicate with the Board of Regents and senior management if there are significant interim changes to the internal audit plan.
5. Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
6. Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Board of Regents and senior management at each Board meeting and for each engagement as appropriate.
7. Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
8. Identify and consider trends and emerging issues that could impact TSU and communicate to the Board of Regents and senior management as appropriate.
9. Consider emerging trends and successful practices in internal auditing.
10. Establish and ensure adherence to methodologies designed to guide the internal audit function.
11. Ensure adherence to TSU's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
12. Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary, escalated to the Audit Committee.
13. **Ensure coordination with external auditors, regulators, and the State Auditor's Office.**
14. **Support institutional compliance with federal grant requirements, including risk assessment and monitoring under Uniform Guidance.**

D. Communication with the Board of Regents and Senior Management

The CAE will report to the Audit Committee of the Board of Regents and senior management at each Board meeting regarding:

1. The internal audit function's mandate.
2. The internal audit plan and performance relative to its plan.
3. Internal audit budget.

4. Significant revisions to the internal audit plan and budget.
5. Potential impairments to independence, including relevant disclosures as applicable.
6. Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
7. Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Board of Regents that could interfere with the achievement of TSU's strategic objectives.
8. Results of assurance and advisory services.
9. Resource requirements.
10. Management's responses to risks that the internal audit function determines may be unacceptable, or acceptance of a risk that is beyond TSU's risk appetite.

In addition, the CAE will support statutory reporting requirements applicable to TSU, including annual reporting requirements under the Texas Internal Auditing Act and Texas Education Code § 51.9337(h) reporting to the State Auditor's Office regarding adoption of required purchasing and contracting rules and policies.

VIII. SCOPE AND TYPES OF SERVICES

A. Scope

The scope of internal audit services encompasses all TSU activities, programs, functions, assets, and personnel. Internal Audit uses a risk-based approach to evaluate internal controls, governance processes, risk management practices, and achievement of strategic objectives. The scope of internal audit activities also encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to the Board of Regents and management on the adequacy and effectiveness of governance, risk management, and control processes for TSU.

B. Types of Services

Internal Audit may provide assurance and advisory services, provided advisory engagements do not result in the assumption of management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management. Services may include evaluating whether:

1. Risks relating to the achievement of TSU's strategic objectives are appropriately identified and managed.
2. The actions of TSU's officers, directors, management, employees, and contractors or other relevant parties comply with TSU's policies, procedures, and applicable laws, regulations, and governance standards.
3. The results of operations and programs are consistent with established goals and objectives.
4. Operations and programs are being carried out effectively, efficiently, ethically, and equitably.

5. Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact TSU.
6. The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
7. Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.
8. Internal control systems adequately mitigate risk and are operating effectively.
9. Allegations of fraud, waste, or abuse in coordination with appropriate institutional offices. All such allegations shall follow established reporting and escalation protocols.

IX. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP)

The CAE will develop, implement, and maintain a QAIP that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the CAE will communicate with the Board of Regents via the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside TSU; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

X. CHANGES TO THE POLICY AND CHARTER

This charter may be updated as necessary in response to significant changes in professional standards, organizational structure, leadership, risk, or regulatory requirements. All changes require approval by the Board of Regents.

XI. APPROVAL

Approved by the Texas Southern University Board of Regents, at its meeting on July 18, 2026.

Chief Audit Executive: ______________________________
Date:

University President: ______________________________

Date:

Chair, Audit Committee – Board of Regents: ______________________________

Date:

Last Date of Review: April 30, 2026