Texas Southern University
Internal Audit Status Report
As of June 24, 2026

2026 Internal Audit Plan Status

The attached reflects the status of the engagements included in the 2026 Internal Audit Plan:

Additional Activities of Internal Audit include participation and assistance in the State Auditor's Office (SAO) audit of financial aid to be included in the state-wide single audit. This audit is conducted annually for all state agencies and state higher education institutions. The single audit procedures include performing detailed testing of the financial reporting and compliance with the Federal Compliance Supplement for federal funds expended by the state. Annually, the SAO selects a sample of universities and performs single audit procedures over Federal Financial Aid (Title IV) funds. TSU was previously selected by the SAO in 2023.

We have also assisted the University in completing a response to the Senate Interim Charge Information Request of Institutions of Higher Education questionnaire. This questionnaire included a series of questions about the University's actions for compliance with the Texas Internal Auditing Act. The questions focused on the internal audit risk assessment, development of the annual audit plan and submission of audit reports and the annual report to the State Auditor's Office.

The Fiscal Year 2027 Internal Audit Plan will be submitted to the Audit & Compliance Committee and the Board for approval, as well as the Annual Internal Audit Report required by the Texas Internal Audit Act, during the September 2026 meeting. The Annual Internal Audit Report is required to be filed with the Governor's Office – Budget and Policy Division, the State Auditor's Office, and the Legislative Budget Board. This report is due by November 1, 2026, and will include the Fiscal Year 2027 Internal Audit Plan.

Daniel Graves, CPA, CCA
Audit Executive

Clyde McNeil, CPA
Interim Chief Internal Auditor

Texas Southern University
Revised Fiscal Year 2026 Internal Audit Plan
As of June 24, 2026

Audit Area	Summary of Scope	Status
FY 2026 Planned Internal Audits		
Procurement Process and Compliance	Internal audit will include an evaluation of the processes and internal controls in place related to the University's Procurement processes and compliance with Texas Education Code (TEC) § 51.9337. Activities to be evaluated will include Purchase Orders, Bidding Process and Award, Interlocal and Cooperative Agreement Purchasing, Contract Negotiation and Approval, Vendor Management - Selection, and Vendor Acceptance and Set-up.	Fieldwork In Progress
Purchasing Cards	Internal audit will include an evaluation of the processes and internal controls in place related to the University's P-Card processes. Activities to be included in the evaluation will include, program administration, new card issuance, expense reporting, approvals and reconciliations.	Fieldwork In Progress
Asset Management	Internal audit will include an evaluation of the processes and internal controls utilized to maintain the University's capital and controlled assets. Activities to be included in the evaluation will include new acquisitions, cataloging, asset tagging/tracking, inventory, dispositions, depreciation and reporting. This audit will not include compliance with federal grant requirements for retirement and disposition of assets purchased with grant funding.	Fieldwork In Progress
Invoice Prompt Payment	Internal audit will include an evaluation of the processes and internal controls to ensure prompt payment of vendor invoices. Activities to be included in the evaluation will include invoice receipt and intake, invoice validation, approval workflow, and payment scheduling and execution.	Fieldwork is Complete Report Draft in Progress Exit Meeting to be Scheduled
Financial Close and Reporting	Internal audit will include an evaluation of the processes and internal controls executed for the University's financial close and reporting processes. Activities to be included in the evaluation will include monthly reconciliations, audit preparation, financial close procedures, and journal entries.	Fieldwork In Progress
Internal Audit Follow-Up of Remediation of Prior Internal Audit Findings	Internal Audit will include follow-up procedures to verify that corrective action has been performed on the outstanding open findings.	Fieldwork In Progress Reconciliation of Outstanding Findings Complete
Key Systems Access Testing	Network access testing of user access rights within key modules of the Banner system and other key University systems. Key systems identified are:	SAO IT Finding Remediation is Complete Report Draft in Progress Key System Testing is in Progress
Fraud, Waste, and Abuse Investigations	Conduct investigations of fraud, waste, and abuse reports as well as monitoring of the Ethics Point hotline system.	Two of Two Reports are Complete
Special Projects	Special projects as requested by University administration.	TBD
FY 2026 Annual Requirements		
Risk Assessment	Internal audit will facilitate a University-wide risk assessment to develop a strategic, multi-year internal audit plan to evaluate and monitor processes for significant financial, operational, and compliance activities of the University.	Risk Assessment is Complete 3-Year Internal Audit Plan Draft in Progress
Annual Internal Audit Report	Prepare and submit required annual reports over internal audit activities.	August 2026

Texas Southern University
Internal Audit Outstanding Findings Reconciliation
As of June 24, 2026

Reconciliation of Open Findings	
Prior Internal Audit Recommendations	151
After Consolidation to Root Cause Finding	135
Findings Identified as Closed in Original Listing	25
Findings Reclassified to Observations	5
Total Open Findings	**105**

Findings by Major Function	
Student and Academic Affairs (8 areas)	33
Finance (8 areas)	47
General Counsel and Compliance (4 areas)	18
Human Resources and Payroll (2 areas)	7
Total	**105**