TSU

Department of Internal Audit, Assurance and Compliance Services
3100 CLEBURNE STREET • HOUSTON, TX 77004 • (713) 313-7454

November 1, 2020

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 FY2020, the Office of Internal Audit and Fraud committed 9,950 hours to completing reviews / audits and special projects for Texas Southern University. During the Q1 FY2020, a suspicion of the commission of fraud, waste and/or abuse was referred to the Investigative subunit by an academic unit of the University. Additionally, by Q2, noteworthy deficiencies were identified relevant to the Admissions and Enrollment key business process areas; thus the entire Office of Internal Audit & Assurance were utilized to commit to detailed fact-finding and investigation activities augmented by third-party advisors. By March 2020, the campus was impacted by the novel coronavirus (COVID-19), and the University closed during the month.   The fiscal year thus entailed the completion of 6,000 hours for areas/projects detailed in the audit plan, and 3,950 hours were expended on investigative matters. Specific areas comprising the FY2020 audit plan that were not completed by FY2020 year-end have been rolled over to the FY2021 audit plan; rollover items are anticipated for review and completion during Q1 and Q2 of FY2021 (upon full resumption of University re-opening due to the coronavirus).

The Enterprise Risk Management ("ERM") Initiative (inclusive of Regulatory Compliance measures) is an element disclosed within the FY2021 Audit Plan as well. The ERM Initiative at Texas Southern University is twofold. First, it is to strengthen the University's management of risk through the proactive process of identifying, assessing, evaluating, mitigating and monitoring risk in all University operations and activities. Second, it is to ensure the University's compliance with applicable laws, regulations and policies through the proactive process of identifying, describing and assigning responsibility for compliance for the institutions 101 business and academic units or auditable entities. The completion of the General Business Risk Assessment and Fraud Risk Assessment Questionnaires provide key elements of data pertinent to ERM. Additionally, the 'Probability & Impact' and the 'Internal Controls Maturity' assessments provide information paramount to the compilation of the University's Risk Register, which is the BOR and President's management tool that provides insight to the University's system of internal controls and the management of University risks. TSU will completely implement ERM enterprise-wide in fiscal 2021 with the support third-party service providers; and the internal units engaged in the facilitation of this process will include: Internal Audit & Assurance, Risk Management Services, and Compliance Services.

FY2020 INTERNAL AUDIT PLAN RESULTS

TEXAS SOUTHERN UNIVERSITY
Internal Audit Plan for Fiscal Year 2020

AUDIT UNITS	TIME COMMITMENT	ACTUAL TIME COMMITED	STATUS
SCHEDULED AUDITS			
Admissions§	600	600	Complete
Public Funds Investment Act*	300	300	Complete
Development§	600	300	Complete
Enrollment§	600	600	Complete
Facilities/Campus Space Planning*	500		Deferred to 2021
Benefits Proportionality Audit*	250	250	Complete
Texas Legislative Internship Program*	150		In Progress

*Required   **Requested   §Special

AUDIT UNITS	TIME COMMITMENT	ACTUAL TIME COMMITED	STATUS
OFFICE OF INFORMATION TECHONOLOGY REVIEWS (OIT)			
IT Governance	250	--	Deferred to 2021
Continuity of Operations Planning	300	--	Deferred to 2021
Regulatory Compliance Assessments (Selective)	300	300	Complete
COLLEGE/DEPARTMENT REVIEWS			
Thurgood Marshall School of Law	325	650	Complete
College of Education	325	--	Deferred to 2021
SPECIAL PROJECTS			
Enterprise Risk Management Initiative*	500	285	In Progress
Annual Audit Report (Includes FY2021 Audit Plan)	250	250	Complete
Fraud Investigations/Training	1,500	1,565	Complete

Disability Services	500	--	--

AUDIT UNITS	TIME COMMITMENT	ACTUAL TIME COMMITED	STATUS
External Audit Assistance			
State Auditor's Office/ Oversight Agencies	400	400	Complete
Other External Auditors (*BKD; J. Walker & Co.)	350	350	Complete
MANAGEMENT SUPPORT & CONTINUOUS MONITORING			
Selective Research Centers/Grants/Contracts	300	--	In Progress
Fiscal Responsibility (Selective)	300	150	In Progress
Regulatory Areas (i.e. Campus Programs for Minors)	150	--	N/A
AUDIT FOLLOW-UP			
External Audits/Reviews Follow-Up	300	--	In Progress
Internal Audits/Reviews Follow-Up	300	--	In Progress

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

FISCAL YEAR 2020

ACTIVITY	BUDGETED HOURS	ACTUAL HOURS
Scheduled Audits	3,000	2,050
Information Technology	850	300
Departmental Reviews	650	650
Special Projects	3,500	2,850
Management Support/ Monitoring	800	150
*Special		3,950
Follow-Ups	600	--
	9,400	**9,950**

Fiscal Year-Ended August 31, 2020.

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

Due (in part) to the pandemic,   Texas Southern University is scheduled to receive its Quality Assurance Review within the next 12-24 month period.

FY2021 INTERNAL AUDIT PLAN

TEXAS SOUTHERN UNIVERSITY
Internal Audit Plan for Fiscal Year 2021

AUDIT UNITS	AUDIT TYPE	REQUIRED / ROLLOVER / RISK ASSESSMENT	TIME COMMITMENT (Estimated)
SCHEDULED AUDITS			
Post Construction Audit (Selective Projects)	Compliance/ Operational	FY21 Risk Assessment	600
External Affairs (Academic Units/ University)	Compliance/ Operational	FY21 Risk Assessment	600
Procurement Process** (Selective Projects)	Operational	FY21 Risk Assessment	600
Facilities (Projects/Space Utilization)	Financial/Compliance	Required	600
Drug Free Schools and Communities Act	Compliance	Regulatory (required)	350
Texas Legislative Internship Program	Compliance	Required	250

AUDIT UNITS	AUDIT TYPE	REQUIRED / ROLLOVER / RISK ASSESSMENT	TIME COMMITMENT
OFFICE OF INFORMATION TECHONOLOGY REVIEWS (OIT)			
Continuity of Operations	Compliance	FY2021 Risk Assessment	350
Security Assessment	Infrastructure and Application	FY2021 Risk Assessment	250
Regulatory Compliance Assessments (Selective)	Compliance	Regulatory (required)	250
COLLEGE/DEPARTMENT REVIEWS			
College of Education	Compliance/ Operational	BOR Requested	375
Jesse H. Jones School of Business	Compliance/ Operational	BOR Requested	375
SPECIAL PROJECTS			
Enterprise Risk Management (ERM)	Special Initiative	BOR	1,500
Annual Internal Audit Report (Includes FY2021Audit Plan)	Administration	Required	150
Fraud Investigations/Training	Investigations / Fraud Prevention Program	Required	1,500
External Audit Assistance			
State Auditor's Office; THECB	Support	N/A	300

Other External Auditors (i.e., BKD; J. Walker Co.)	Support	N/A	300

MANAGEMENT SUPPORT & CONTINUOUS MONITORING			
AREA	**PROJECT TYPE**	**REQUESTOR**	**TIME COMMITMENT**
Selective Research Centers or Direct Grants and Contracts	Monitoring	FY2021 Risk Assessment	400
Fiscal Responsibility (Selective)	Compliance Monitoring	Management Requested	250
Regulatory Areas	Value Added Services/ Monitoring	Management Requested	150
AUDIT FOLLOW-UP			
External Audits/Reviews Follow-up*	Support	Required	300
Internal Audit/Reviews Follow-up	Support	FY2021 Planning	300
TOTAL FY2021 AUDIT TIME COMMITMENT - 9,750 HOURS			
TOTAL AVAILABLE AUDIT HOURS – 9,400 HOURS			

*Includes the follow-up on items from FY2020 external audits/reviews and the SAO
Single Statewide Audit.

Specialized Items Anticipated for FY2021:

    TMSL Follow-Up
    Admissions/Enrollment Follow-Up

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

FISCAL YEAR 2021

ACTIVITY	BUDGETED HOURS
Scheduled Audits	3,000
Information Technology	850
Departmental Reviews	750
Special Projects	3,750
Management Support/ Monitoring	800
Follow-up Reviews	600
	9,750

Please refer to the FY2021 Annual Internal Audit Plan approved by the TSU Board of Regents attached.

VI.   Internal Audit Services Procured in FY2020

Procured External Audit Services in FY2020	
Audit Area	Services Provided
KTSU FM Radio	Annual Financial Audit for the Corporation for Public Broadcasting
Athletics	Annual Agreed-Upon Procedures
Cancer Prevention and Research Institute of Texas	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 (81'[1] Legislature), 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.

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