TEXAS SOUTHERN UNIVERSITY
DEPARTMENT OF INTERNAL AUDIT & ASSURANCE SERVCIES

FY2025 ANNUAL INTERNAL AUDIT REPORT

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October 16, 2025

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) 2025 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 2025 Annual Internal Audit Report is due November 1, 2025.

Please contact Darlene Brown at 713.968.1600, Dbrown@mjlm.com or Regent Gore at lauren.gore@tsu.edu if you should have any questions about this report.

Sincerely,

Darlene Brown

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 2025 INTERNAL AUDIT PLAN STATUS

#	Description	Report Number	Report Date	Report Title	Audit Status
1	Academic Advising Services	24-006	June 4, 2025	Academic Advising Services	Completed
2	Drug Free Communities Act Compliance Audit	24-008	July 8, 2025	Drug Fre Communities Act Compliance	Completed
3	SB17 Compliance Audit (DEI)	25-002	April 17, 2025	Senate Bill 17 Compliance	Completed
4	Benefits Proportionality	25-003	July 3, 2025	State Benefits Proportionality	Completed
5	Auxiliary Services	25-004 Report and Management Action Plan In-Progress		Auxiliary Services	Completed
6	Public Funds Investment Act Compliance	25-007 Report and Management Action Plan In-Progress		Public Funds Investment Act Compliance	Completed
7	Cash Management / Treasury	In-Progress – Anticipated to be completed January 2026			
8	Financial Reporting	Postponed			
9	Enrollment Management	Postponed to 2027			
10	Cybersecurity	In-Progress – Anticipated to be completed January 2026			
11	Quarterly Network Access reviews	Emails listing our results are provided instead of formal reports.			Completed
12	Follow-Up on Audit Findings	No Report Issued		Regular Status Updates to Audit Committee Provided	Completed
13	Risk Assessment and FY2026 Annual Internal Audit Plan Development	FY2026 Annual Internal Audit Plant			Completed
14	Annual Internal Audit Report	FY2025 Annual Internal Audit Report			Completed

Deviations from FY2025 Annual Internal Audit Plan.

There were no deviations from the approved FY2025 Annual Internal Audit Plan.

III. CONSULTING SERVICES AND NON-AUDIT SERVICES COMPLETED

Internal Audit did not provide consulting services to TSU during FY2025.

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 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 except for deficiencies described, the auditing practice of McConnell & Jones LLP applicable to engagements not subject to PCAOB permanent inspection in effect fir the year ended June 30, 2023, 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 with deficiencies.*

Issues noted by the peer reviewer were related to another practice line in the firm and not the risk advisory services practice. MJ developed an action plan to remediate the deficiencies noted. We provide a copy of our most recent peer review letter below.



ADKF | with you all the way

Member of the AICPA & TXCPA

Registered with Public Company Accounting Oversight Board

Report on the Firm's System of Quality Control

July 19, 2024

To the Partners
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** applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2023. 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. 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 and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of 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 on in conformity with the requirements of applicable 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 and compliance with the firm's system of quality control based on our review.

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under *Government Auditing*
audits of employee benefit

as communicated by the firm,

performance – supervision
the engagements in order for
sion and review on employee
as not adequate causing these
s. As a result, the following

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they document the linkage
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review. This caused the firm
to include observation and
service organization. In the
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and population, and rational
his resulted in two employee
fessional standards.

ment Auditing Standards and
than 60 days after the report

as not been suitably complied
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employee benefit plans. In
, but those reviews were not

completed timely." As a result, the items noted in 1a and 1b caused two employee benefit plan audits and one single audit that did not conform to professional standards.

Opinion

In our opinion, except for the deficiencies previously described, 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, 2023, 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 with deficiencies*.

ADKF, PC
ADKF, P.C.

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Internal Use

V. FISCAL YEAR 2026 INTERNAL AUDIT PLAN

The Acting Chief Audit Executive developed the Fiscal Year 2026 Annual Internal Audit Plan based on a comprehensive risk assessment and consultation with TSU leadership team members. Internal audit will conduct four (4) audits, perform a risk assessment, conduct prior audit finding follow-up activities, prepare the FY 2027 Annual Internal Audit Plan and prepare the FY 2026 Internal Audit Annual Report in accordance with the Texas Internal Auditing Act. Hours dedicated to the audit plan are estimated to require **2,711 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 2026 Annual Internal Audit Plan

Audit	Risk Ranking	Risk Registry Category
Emergency Preparedness and Response	High	• Compliance • Health & Safety • Operational • Reputational • Strategic
Process Review Confirmations	High	• Operational • Financial • Compliance
On Campus Programs for Minors	High	• Health & Safety • Compliance • Reputational
Reported or Suspected Fraud, Waste, Abuse Investigations, Special Requests, and Budget Monitoring	High	• Financial • Operational • Reputational
Risk Management Insurance Programs	High	• Financial
Quarterly Network Access Testing (Cyber Protection Program Component)	High	• Operational • Cyber

VI. EXTERNAL AUDIT SERVICES PROCURED IN FISCAL YEAR 2025

The following represent external audit services that were procured by Texas Southern University or were ongoing in fiscal year 2025.

Audit / Review	*External Auditor*
FY2024 Financial Audit Services	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

Audit / Review	*External Auditor*
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 is 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).