Texas Southern University

Internal Audit of Invoice Prompt Payment

August 5, 2026

weaver

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Board of Regents
Texas Southern University
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This report presents the results of the internal audit procedures performed for Texas Southern University (TSU or the University) during the period March 31, 2026, through July 9, 2026, relating to the invoice prompt payment processes of the University.

The objective of the internal audit was to determine whether internal controls over invoice payment are designed to efficiently and effectively address risks within the processes and ensure prompt payment of vendor invoices.

To accomplish this objective, we conducted interviews with key personnel within the Procurement and Accounts Payable Departments to gain an understanding of the current processes in place. We also examined existing documentation and evaluated internal controls over the processes. We evaluated the existing policies, procedures, and processes in their current state. Procedures were performed remotely and an exit meeting was conducted on July 9, 2026.

The following report summarizes the findings identified, risks to the organization, recommendations for improvement, and management responses.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.
Austin, Texas
August 5, 2026

Background

TSU's Procurement Services Department is responsible for supporting the University's educational, research, and public service objectives through the procurement of goods and services and the stewardship of University resources. Procurement Services oversees several administrative functions, including Purchasing, Accounts Payable, Travel, Property Management, and Central Warehouse Operations. Within this framework, the Accounts Payable function is responsible for processing vendor invoices, scheduling payments, maintaining compliance with the Texas Prompt Payment Act (Texas Government Code Chapter 2251), and ensuring that vendors are paid accurately and timely in accordance with University policies and state requirements. The University has established policies governing invoice receipt, processing, payment scheduling, and interest calculations to support compliance with applicable laws and promote effective financial management.

Internal Audit was engaged to evaluate Texas Southern University's invoice payment processes to determine whether internal controls were appropriately designed to address risks related to the receipt, approval, tracking, and payment of vendor invoices. Given the volume of procurement activity across the University and the regulatory requirements associated with prompt payment compliance, effective controls are critical to ensuring that invoices are received, processed, paid within required timeframes, and that any applicable interest on late payments is accurately calculated and remitted. The review focused on the processes governing invoice receipt and intake, invoice validation and approval workflows, and payment scheduling and execution.

The decentralized nature of invoice receipt and processing activities across campus, reliance on manual and informal invoice tracking processes, and compliance requirements related to the Texas Prompt Payment Act highlighted the importance of an independent evaluation of the University's control environment. Additionally, risks associated with establishing the official invoice receipt date, monitoring invoice aging, calculating and paying late-payment interest, and ensuring consistent visibility into invoice status emphasized the need for an audit to identify control gaps and recommend opportunities to strengthen governance, improve compliance, and enhance operational efficiency within the Accounts Payable process. The results of the review identified opportunities to centralize invoice intake, formalize invoice tracking and monitoring practices, and strengthen controls over prompt payment compliance and interest calculations.

Internal Audit Objective and Scope

This audit focused on the design of TSU's Invoice Prompt Payment processes to ensure internal controls are designed to efficiently and effectively address risks within the processes and ensure prompt payment of vendor invoices. The audit included an evaluation of the invoice payment processes and internal controls currently in practice covering the activities within key process areas including:

- Invoice Receipt and Intake
- Invoice Validation and Approval Workflow
- Payment Scheduling and Execution

Our procedures were designed to ensure relevant risks were covered and verify the following:

Invoice Receipt and Intake

- Vendor invoices are received through defined and approved intake channels (e.g., centralized AP email or system).
- Invoices are date-stamped or system-logged upon receipt to establish the prompt payment timeline.
- All invoices are recorded when received in a centralized tracking mechanism to enable monitoring of invoice status and aging.
- Invoices are reviewed for completeness and required information prior to entering the approval workflow.
- Duplicate invoices are identified and prevented from entering the payment process.

Invoice Validation and Approval Workflow

- Invoices are validated for accuracy and appropriateness, including pricing, quantities, and vendor information.
- Invoices are matched to approved purchase orders, contracts, or other authorizing documentation, as applicable.
- Invoices are approved by authorized individuals in accordance with established approval authority levels.
- Invoice approvals are performed timely to support compliance with prompt payment requirements.
- The invoice approval process provides visibility into approval status and pending items.
- Vendors are notified timely of disputed invoices in accordance with Texas Government Code §2251.

Payment Scheduling and Execution

- Approved invoices are scheduled for payment in accordance with statutory and institutional prompt payment requirements (Texas Govt. Code §2251).
- Required interest is paid on late invoices (Texas Govt. Code §2251).
- Payment runs are performed frequently enough to ensure timely vendor payments.
- Invoice payment status is updated and retained to support monitoring, reporting, and audit trail requirements.
- Late payments, exceptions, or payment errors are identified, tracked, and resolved in a timely manner.

Our procedures included interviewing key personnel within the University's Procurement and Accounts Payable Departments to gain an understanding of the current processes in place, examining existing documentation, and evaluating the internal controls over the process. We evaluated the existing policies, procedures, and processes in their current state.

The objective of this internal audit was to determine whether internal controls over invoice payment are designed to efficiently and effectively address risks within the processes and ensure prompt payment of vendor invoices.

Texas Southern University

Internal Audit of Invoice Prompt Payment

August 5, 2026

Executive Summary

Through our interviews, review of existing documentation, and evaluation of internal control design, we identified two findings. The findings include those items that have been identified and are considered to be non-compliance issues with documented Texas Southern University policies and procedures, rules and regulations required by law, or where there is a lack of procedures or internal controls in place to cover risks to the University. These issues could have significant financial or operational implications.

A summary of our results, by audit objective, is provided in the table below. *See the Appendix for an overview of the Assessment and Risk Ratings*.

OVERALL ASSESSMENT	Unsatisfactory

SCOPE AREA	RESULT	RATING
Objective: Determine whether internal controls over invoice payment are designed to efficiently and effectively address risks within the processes and ensure prompt payment of vendor invoices.	We identified significant control deficiencies and opportunities to centralize and formalize the invoice payment process to improve compliance with state requirements and strengthen overall process effectiveness.	Unsatisfactory

Conclusion

Based on our evaluation, the invoice payment process has significant control deficiencies that require substantial remediation efforts.

Most significantly, to ensure compliance with the Texas Prompt Payment Act (TPPA) and improve invoice-processing efficiency, management should strengthen upstream procurement and downstream Accounts Payable (AP) controls by enforcing centralized invoice submission requirements, enhancing vendor and department accountability, and standardizing interest calculation processes.

Additionally, the University should implement a centralized invoice tracking and monitoring mechanism to standardize invoice management, improve compliance with the TPPA, and enhance visibility and oversight across the invoice lifecycle. This effort should be supported by strengthened upstream procurement and invoice intake controls to ensure complete and accurate data capture at the point of receipt.

Internal Audit will perform follow-up procedures during Fiscal Year 2027 to assess the status and effectiveness of management's corrective actions and to determine whether the identified control deficiencies have been adequately remediated.

Detailed Procedures Performed, Findings, Recommendations and Management Response

Detailed Procedures Performed, Findings, Recommendations and Management Response

Our procedures included interviewing key personnel within the University's Procurement and Accounts Payable Departments to gain an understanding of the current processes in place, examining existing documentation, and evaluating the internal controls over the process. We evaluated the existing policies, procedures and processes in their current state.

Objective: Design of Internal Controls

D Determine whether internal controls over invoice payment are designed to efficiently and effectively address risks within the processes and ensure prompt payment of vendor invoices.

Procedures Performed: We conducted interviews of key personnel within the Procurement and Accounts Payable Departments and examined existing documentation to gain an understanding of the current processes. We documented our understanding of the processes and identified controls over the following critical sub processes:

- Invoice Receipt and Intake
- Invoice Validation and Approval Workflow
- Payment Scheduling and Execution

We evaluated whether the identified internal controls are sufficiently designed to comply with University policies and procedures and mitigate all critical risks associated with the invoice payment processes. We identified any unacceptable risk exposures due to control design inadequacy or any opportunities to strengthen the effectiveness of the existing control design.

Finding 1 – High – Decentralized Invoice Receipt and Interest Calculations:
Vendor invoices are not consistently received through a centralized intake channel, and this condition originates, in part, from gaps within the procurement process. While purchase orders (POs) direct vendors to submit invoices to the centralized Accounts Payable (AP) inbox, this requirement is not consistently enforced or monitored during vendor onboarding or throughout the lifecycle of the procurement process. As a result, vendors frequently submit invoices directly to departments with whom they interact operationally. Departments, in turn, perform their own review and approval before forwarding invoices to AP, resulting in decentralized and delayed intake of invoice documentation.

As a result:

- The official invoice "receipt date" is not consistently established upon initial vendor submission.
- Invoices are not systematically logged or date-stamped at the point of true receipt.
- Timeliness is measured based on delayed AP receipt rather than actual vendor submission.
- Procurement controls do not sufficiently reinforce or validate vendor compliance with centralized invoicing requirements.
- Invoices cannot be evaluated by the AP Department in a timely manner to ensure invoices have the required information for verification and payment.

Because invoices submitted directly to departments are not captured at the true date of receipt, the organization risks non-compliance with Texas Government Code §2251.021. This increases the likelihood of late payments, inaccurate timeliness reporting, and reduced visibility into invoice processing performance.

In addition, because the invoice receipt date is not consistently established, interest on late payments may not be calculated or may be calculated inaccurately. Interest for local and federal fund payments is manually calculated by Accounts Payable analysts and is not subject to a formal independent review or approval prior to payment. While interest for state-funded purchases is calculated and applied within USAS (Uniform Statewide Accounting System), the process remains manual and less controlled for local and federal funds.

Recommendation: To ensure compliance with the Texas Prompt Payment Act (TPPA) and improve invoice-processing efficiency, management should strengthen upstream procurement and downstream Accounts Payable (AP) controls by enforcing centralized invoice submission requirements, enhancing vendor and department accountability, and standardizing interest calculation processes.

Invoice Intake, Procurement Alignment, and Centralization:

- Require all vendors to submit invoices exclusively through the centralized AP inbox or Jaggaer (vendor portal or integrated email ingestion functionality).
- Strengthen procurement controls to reinforce this requirement by: Embedding clear invoice submission instructions in all purchase orders and contracts, and communicating expectations during vendor onboarding and throughout the procurement lifecycle.
- Configure Jaggaer to: Automatically date-stamp invoices upon receipt and establish the official "receipt date" used for prompt payment tracking.
- Require any invoices received outside of the centralized channel to be immediately forwarded and logged in the system using the original receipt date.
- Track invoices and departments submitting invoices outside of the centralized channel so that corrective action can be taken for vendors or departments that are consistently non-compliant
- Leverage Jaggaer workflow functionality to route invoices to departments for approval while maintaining AP visibility into invoice status and aging.

Training, Monitoring, and Compliance Enforcement:

- Provide periodic training to departments on:
  - Requirements for centralized invoice submission
  - Timely forwarding of invoices received directly
  - Impacts on compliance, payment timeliness, and interest calculations
- Reinforce vendor compliance through:
  - Targeted outreach to vendors who submit invoices outside the centralized channel
  - Ongoing communication of correct submission requirements

- Implement escalation procedures for non-compliance, including:
  - Follow-up with vendors who do not adhere to submission requirements
  - Potential rejection of invoices that are repeatedly submitted outside the required channel, where contractually permissible
- Implement monitoring controls (via Jaggaer or supplemental reporting) to identify:
  - Invoices received outside the centralized channel
  - Delays between vendor submission and system entry
  - Repeat non-compliant vendors or departments
- Utilize dashboards or reports to monitor: invoice aging, timeliness against statutory requirements, and exceptions or delays in departmental approval

Interest Calculation and Review Controls:

- Standardize interest calculation for local and federal fund payments through:
  - A system-based solution (where feasible), or
  - A controlled and consistent calculation template aligned to Texas Comptroller rates
- Establish a formal review and approval control requiring independent validation of all interest calculations prior to payment.
- Maintain documentation supporting: receipt date used, interest rate applied, calculation methodology, and evidence of review and approval.

Management Response: Management concurs with the finding. The University is implementing corrective actions to strengthen compliance with the Texas Prompt Payment Act by centralizing invoice receipt, improving invoice monitoring, and enhancing management oversight over the accounts payable process. These actions address the risks associated with inconsistent invoice receipt dates, decentralized invoice submission, and timely payment processing identified during the audit.

As an immediate corrective action, the University is establishing the Accounts Payable Inbox as the official receipt point for all vendor invoices. The Finance Division is implementing a standardized invoice intake process requiring Department Business Administrators (DBAs) to direct all vendor invoices to the centralized Accounts Payable Inbox, regardless of how the invoice is initially received. Formal communication and implementation of this requirement will be completed by August 2026.

To support this process, Accounts Payable has developed a centralized Accounts Payable Invoice Tracking Report to record invoice receipt dates, monitor invoice processing, identify invoices received outside of the approved intake channel, and facilitate timely follow-up with departments and vendors. This report will provide management with visibility into invoice aging, processing exceptions, and compliance with the University's invoice submission requirements while supporting timely payment processing and prompt payment compliance.

The University will also implement recurring monitoring and communication with vendors and departments to reinforce centralized invoice submission requirements and improve compliance with established procedures.

As the long-term corrective action, the University is implementing the Jaggaer eProcurement Accounts Payable module to establish a centralized enterprise workflow for invoice receipt, routing, approval, tracking, and document management. The implementation is currently undergoing comprehensive User Acceptance Testing, business process validation, workflow refinement, and staff training. Following successful completion of testing and final management approval, the University anticipates implementing the Accounts Payable module by December 1, 2026.

Until Jaggaer is fully implemented, Accounts Payable will utilize the centralized AP Inbox, the Accounts Payable Invoice Tracking Report, Banner reporting, and the Texas Comptroller's Prompt Payment Interest Calculator, with supervisory review of interest calculations, to strengthen compliance and management oversight.

Responsible Party: Chief Financial Officer
Implementation Date: December 2026

Finding 2 – High – Decentralized and Informal Invoice Tracking:
The Accounts Payable (AP) function does not utilize a centralized system to track invoice receipt, processing status, and payment timelines. Instead, individual AP analysts maintain separate, informal invoice lists in Excel to monitor invoice progress and due dates. Best practices for accounts payable operations, and compliance with the Texas Prompt Payment Act, require a centralized, standardized tracking mechanism to ensure invoices are processed timely, monitored consistently, and subject to appropriate oversight.

Recommendation: Implement a centralized invoice tracking and monitoring mechanism within Jaggaer to standardize invoice management, improve compliance with the Texas Prompt Payment Act (TPPA), and enhance visibility and oversight across the invoice lifecycle. This effort should be supported by strengthened upstream procurement and invoice intake controls to ensure complete and accurate data capture at the point of receipt.

Key actions should include:

- Leverage Jaggaer as the system of record to track invoice receipt, processing status, and payment timelines across the full lifecycle.
- Configure Jaggaer functionality (e.g., workflow, document tracking, or associated modules) to capture:
    - Invoice receipt date (based on initial vendor submission)
    - Approval status and timestamps
    - Payment due date (aligned with TPPA requirements)
    - Current processing stage and responsible party
- Ensure all invoices, regardless of how they are received, are recorded in Jaggaer upon receipt
- Standardize data fields, definitions, and processes within Jaggaer to ensure consistency across all AP personnel.
- Enable real-time reporting and dashboarding for AP leadership to monitor invoice aging, upcoming due dates, and processing timelines
- Define roles and accountability for maintaining and reviewing the centralized tracker

- Incorporate escalation protocols for invoices approaching or exceeding due dates
- Provide training and formal procedures to ensure consistent adoption across the AP team

Management Response: Management concurs with the finding. The University is implementing corrective actions to establish a standardized and centralized process for monitoring invoice receipt, processing status, and payment timeliness. These actions are intended to strengthen internal controls, improve management oversight, and enhance compliance with the Texas Prompt Payment Act.

As an immediate corrective action, Accounts Payable has developed a centralized Accounts Payable Invoice Tracking Report to monitor invoice receipt, processing status, invoice aging, and payment activity. The report will serve as the University's interim management tool to identify invoices received outside the official Accounts Payable Inbox, monitor outstanding invoices, track processing timelines, and facilitate timely follow-up with departments and vendors.

The Finance Division is also implementing a standardized invoice intake process requiring all Department Business Administrators to submit vendor invoices through the centralized Accounts Payable Inbox. Formal communication of this requirement will be completed by August 2026, after which management will routinely monitor compliance through the centralized tracking report and reinforce requirements with departments and vendors as needed.

As the long-term corrective action, the University is implementing the Jaggaer eProcurement Accounts Payable module to provide an enterprise-wide solution for invoice tracking, workflow management, reporting, document retention, and management oversight. The implementation is currently undergoing comprehensive User Acceptance Testing, workflow validation, business process refinement, and staff training. Subject to successful completion of testing and final management approval, the University anticipates implementing the Accounts Payable module by December 1, 2026.

These corrective actions will establish both immediate and sustainable controls that improve invoice visibility, strengthen accountability, and provide a centralized framework for monitoring invoice activity throughout the procure-to-pay process.

Responsible Party: Chief Financial Officer
Implementation Date: December 2026

Appendix

The appendix defines the approach and classifications utilized by Internal Audit to assess the residual risk of the area under review, the priority of the findings identified, and the overall assessment of the procedures performed.

Report Ratings

The report rating encompasses the entire scope of the engagement and expresses the aggregate impact of the exceptions identified during our test work on one or more of the following objectives:

- Operating or program objectives and goals conform with those of the University
- University objectives and goals are being met
- The activity under review is functioning in a manner which ensures:
  - Reliability and integrity of financial and operational information
  - Effectiveness and efficiency of operations and programs
  - Safeguarding of assets
  - Compliance with laws, regulations, policies, procedures and contracts

The following ratings are used to articulate the overall magnitude of the impact on the established criteria:

Strong	The area under review meets the expected level. No high risk rated findings and only a few moderate or low findings were identified.
Satisfactory	The area under review does not consistently meet the expected level. Several findings were identified and require routine efforts to correct, but do not significantly impair the control environment.
Unsatisfactory	The area under review is weak and frequently falls below expected levels. Numerous findings were identified that require substantial effort to correct.

Risk Ratings

Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The area under audit has been assessed from a residual risk level utilizing the following risk management classification system.

High

High risk findings have qualitative factors that include, but are not limited to:

- Events that threaten the University's achievement of strategic objectives or continued existence
- Impact of the finding could be felt outside of the University or beyond a single function or department
- Potential material impact to operations or the University's finances
- Remediation requires significant involvement from senior University management

Moderate

Moderate risk findings have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of the University
- Impact could be felt outside of the University or across more than one function of the University
- Noticeable and possibly material impact to the operations or finances of the University
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior University management to be updated

Low

Low risk findings have qualitative factors that include, but are not limited to:

- Events that do not directly threaten the University's strategic priorities
- Impact is limited to a single function within the University
- Minimal financial or operational impact to the University
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk