Texas Southern University

Fiscal Year 2026 Annual Internal Audit Report

For the Year Ended August 31, 2026

TSU

TEXAS SOUTHERN UNIVERSITY

Office of Internal Audit

C O N T E N T S

Page

I. COMPLIANCE WITH TEXAS GOVERNMENT CODE 2102.015... 3

II. INTERNAL AUDIT PLAN FOR FISCAL YEAR 2026 4

III. CONSULTING SERVICES AND NONAUDIT SERVICES COMPLETED 5

IV. EXTERNAL AUDIT SERVICES PROCURED IN FISCAL YEAR 2026 5

V. EXTERNAL QUALITY ASSURANCE REVIEW 6

VI.INTERNAL AUDIT PLAN FOR FISCAL YEAR 2027 9

VII. REPORTING SUSPECTED FRAUD AND ABUSE 11

I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site

Texas Government Code, Section 2102.015 requires state agencies and higher education institutions, as defined in the statute, to post their Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on the Internet.

Texas Southern University (the University) will post this report which includes the Fiscal Year 2027 Internal Audit Plan on its website at Annual Report - Internal Audit. The University's Board of Regents will review the Annual Internal Audit Report at its regularly scheduled meeting on November 12, 2026.

In accordance with Texas Government Code, Sections 2102.009 and 2102.015, the University will submit its Fiscal Year 2026 Annual Internal Audit Report to the required oversight entities before November 1, 2026, and post the report on its website in accordance with the State Auditor's Office requirements. The report is scheduled to be presented to the Board of Regents Audit Committee for review on October 30, 2026, and subsequently to the full Board of Regents on November 12, 2026.

II. Internal Audit Plan for Fiscal Year 2026

The internal audits included in the Fiscal Year 2026 Internal Audit Plan were selected based on the University's risk assessment and emerging risks. The table below summarizes the audits included in the FY 2026 Internal Audit Plan, their report issuance dates, where applicable, and their status as of October 23, 2026.

Certain audits initiated during FY 2026 were completed and reports issued subsequent to the August 31, 2026 fiscal year-end. Audits that remain in progress will be completed and reported during FY 2027.

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Internal Audit Title	Report Date	Status
Invoice Prompt Payment	August 5, 2026	The audit is complete. Follow-up Procedures to address the open findings are included in the FY 2027 Internal Audit Plan.
Procurement Cards	October 21, 2026	The audit is complete. Follow-up Procedures to address the open findings are included in the FY 2027 Internal Audit Plan.
Procurement Compliance	TBD	The audit is ongoing. Fieldwork and reporting will be completed in FY 2027.
Asset Management	TBD	The audit is ongoing. Fieldwork and reporting will be completed in FY 2027.
Financial Close and Reporting	October 21, 2026	The audit is complete. Follow-up Procedures to address the open findings are included in the FY 2027 Internal Audit Plan.
Remediation of IT findings from the Texas State Auditor's Report regarding the University not effectively restricting user access to Banner for 9 of 303 users reviewed.	July 8, 2026	The audit is complete. All findings have been remediated.
Logical Access to Key Financial Systems	October 21, 2026	The audit is complete. Follow-up Procedures to address the open findings are included in the FY 2027 Internal Audit Plan.
Follow-ups over Prior Year's Audit Findings	TBD	The audit is ongoing. Fieldwork and reporting will be completed in FY 2027.

III. Consulting Services and Non-audit Services Completed

During fiscal year 2026, the Texas Southern University Internal Audit Department did not complete any consulting engagements or other separately reportable activities as contemplated by Texas Government Code, Chapter 2102, and the State Auditor's Office Annual Internal Audit Report guidelines.
Accordingly, there are no additional engagements, observations, results, or recommendations to report under this section.

IV. External Audit Services Procured in FY 2026

The University engaged Whitley Penn LLP, a certified public accounting firm, to provide external audit services for FY 2026. Additionally, the University engaged Weaver and Tidwell, L.L.P. (Weaver) to provide co-sourced internal audit services, including audit planning, execution, and reporting in support of the University's internal audit function.

V. External Quality Assurance Review

The University's most recent documented external quality assessment of its internal audit function was completed in June 2022. The assessment evaluated conformance with The Institute of Internal Auditors' (IIA) professional standards, Generally Accepted Government Auditing Standards (GAGAS), and the Texas Internal Auditing Act. The assessment identified areas of nonconformance with the applicable professional standards and statutory requirements. The results were communicated to the University's Audit Committee and leadership.

In November 2022, the University transitioned to a fully outsourced internal audit model. Effective August 18, 2026, the University appointed a Chief Audit Executive (CAE) and transitioned to a University-led internal audit function supported by external professional services.

The University's external internal audit service provider, Weaver, received a passing AICPA peer review in November 2025.

As part of the transition from an outsourced internal audit model to having internal audit being led by a University CAE, the University is establishing procedures to meet the quality assurance review requirements in GAGAS as well as the IIA standards. The plan will be communicated to the Board of Regents Audit Committee and will consider the requirements of the Texas Internal Auditing Act, the IIA Global Internal Audit Standards, and GAGAS.



Report on the Firm's System of Quality Control

November 19, 2025

To the Partners of Weaver & Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver & Tidwell, L.L.P. (the Firm) applicable to engagements not subject to Public Company Accounting Oversight Board (PCAOB) permanent inspection in effect for the year ended May 31, 2025. 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 on 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.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Weaver & Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2025, 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*. Weaver & Tidwell, L.L.P. has received a peer review rating of *pass*.

Eide Bailly LLP

VI. Internal Audit Plan

The Internal Audit Plan was submitted to the Audit Committee of the University's Board of Regents. The purpose of the plan is to identify where the University's most significant inherent risks reside and then use that information to prioritize our audit resources over the next three years. A high-risk designation does not mean that something is wrong in that area. It means the potential likelihood and impact warrant greater attention from management and Internal Audit.

The Audit Committee approved the plan on August 28, 2026, and the Board of Regents subsequently approved the plan on September 10, 2026. Below is the Fiscal Year 2027 Internal Audit Plan submitted to the University's Board of Regents based on the results of the 2026 Internal Audit Risk Assessment. The approved internal audit plan was submitted to the State Auditor's Office upon approval from the University's Board of Regents.

Fiscal Year 2027 Internal Audit Plan		
Audit Area	**2026 Risk Rating**	**Estimated Hours**
Information Security	**High**	290
Information Technology Services	**High**	260
Contract Administration	**High**	260
Public Funds Investment Act	**NA (Compliance)**	150
Construction Management	**Moderate**	290
Grant Management	**Moderate**	260
Senate Bill 17 Compliance	**NA (Compliance)**	150
House Bill 127 Compliance	**NA (Compliance)**	200
Purchasing Compliance	**High**	45

Planned follow-up procedures for fiscal year 2027 to verify and communicate with Management the remediation efforts of prior Internal Audit Recommendations.

Fiscal Year 2027 Internal Audit Plan Follow-ups		
Audit Area	**2026 Risk Rating**	**Estimated Hours**
Continued Follow-ups over Prior Year's Internal Audit Findings	**NA**	350

As part of the risk assessment, the University assesses the probability and impact of the following risk categories across all significant activities of the agency, which include the information technology risks and considerations related to Title 1, Texas Administrative Code, Chapter 202:

- financial and fraud risk
- information technology risk
- students and programs risk
- human capital and operational risk
- reputational risk

Taking into consideration the input from university management, all significant activities are assigned a risk score for probability and impact related to each risk category. The overall risk rating (High, Moderate, or Low) is assigned to each significant activity based on the activity's average risk rating. The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing "High" risk activities as well as areas of emerging risk and required compliance audits.

The 2026 Internal Audit Risk Assessment Update resulted in 17 Significant Activities as "High" risk. Thirteen of the 17 Significant Activities are not included in the Fiscal Year 2027 Internal Audit Plan. Those activities are as follows:

1. Disaster Recovery/Business Continuity Planning
2. Campus Operations
3. Institutional Research and Reporting
4. Financial Aid
5. Law Enforcement and Security
6. Budget and Planning
7. Accreditation Standards
8. Environmental Health and Safety
9. Admissions
10. Investments
11. Accounts Payable and Disbursement
12. Registrar
13. Athletics

In preparing the audit plan for fiscal year 2027, we included contract management and procurement as audits to ensure the University is in compliance with contract processes as required by Texas Government Code, Section 2102.005(b). We also considered including an audit of benefits proportionality for the audit plan. An internal audit of benefits proportionality was performed in FY 2025. Due to the audit being completed recently, it was not selected as an audit for the 2027 fiscal year.

VII. Reporting Suspected Fraud, Waste and Abuse

- The University contracts with EthicsPoint to provide a confidential hotline for reporting fraud, waste and abuse. The agency has a dedicated page to fraud prevention and reporting on its website at Office of Compliance. The fraud prevention web page includes the phone number for the University's fraud, waste and abuse hotline as well as the fraud hotline for the Texas State Auditor's Office.

- The University's Chief Audit Executive is the designated staff member within the University to receive written or verbal allegations of suspected fraud, waste, and abuse. The Chief Audit Executive has the authority to examine and investigate those allegations and turn over information of verified instances of fraud, waste, or abuse to the State Auditor's Office.