**Internal Audit UPPS No. 04.03.01  
Issue No. 7**

**Effective Date: 04/01/2022**

**Next Review Date: 04/01/2027 (E5Y)**

**Sr. Reviewer: Director, Texas State University System Office of Internal Audit, Texas State University**

**POLICY STATEMENT**

*Texas State University is committed to establishing and maintaining adequate internal controls to ensure achievement of the Texas State University System goals and objectives.*

**01. BACKGROUND INFORMATION**

01.01 Internal auditing is an independent objective, assurance, and consulting activity designed to add value to an organization; improve its operations; and otherwise assist accomplishment of its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of control, governance, and risk management processes.

01.02 The Texas State University System (TSUS) Board of Regents is primarily responsible for providing governance, guidance, and oversight of management within the TSUS. Texas State University management is responsible for establishing and maintaining adequate internal controls to ensure achievement of TSUS goals and objectives. The internal audit function is designed to provide positive support to the TSUS Board of Regents, and to TSUS and component administrations in the effective discharge of their respective responsibilities. Texas State management should contact the director, TSUS Office of Internal Audit, Texas State University, regarding specific internal audit requests within the university.

01.03 The purpose, authority, and responsibility of the TSUS Office of Internal Audit are defined in [TSUS Rules and Regulations, Chapter 3, Paragraph 7](https://gato-docs.its.txstate.edu/jcr:8107d675-b45d-4f40-bc44-500035a30dce/2019%20Rules%20and%20Regs%20(rev%20thru%2008-22-19).pdf), which have been approved by the TSUS Board of Regents and adopted by management.

**02. AUDITING PROCEDURES**

02.01 The director, TSUS Office of Internal Audit, Texas State University, will inform the divisional vice president, dean or director, and the account manager prior to conducting a routine internal audit.

02.02 The TSUS Office of Internal Audit will discuss audit concerns, recommendations, and conclusions with the appropriate levels of management before issuing final written reports. These discussions help ensure that there have been no misunderstandings or misinterpretations of fact by providing management the opportunity to clarify specific items, and to express views of the audit issues, recommendations, and conclusions.

A draft of the report will be provided to the chief audit executive (CAE), TSUS Office of Internal Audit, for review. Upon approval of the draft, a copy of the report will be provided to management. Management responses are due within two weeks as required by [TSUS Rules and Regulations](https://gato-docs.its.txstate.edu/jcr:8107d675-b45d-4f40-bc44-500035a30dce/2019%20Rules%20and%20Regs%20(rev%20thru%2008-22-19).pdf). At that time, management will present its response to the audit issues in final form, including an action plan that has been approved by the divisional vice president. The CAE will review the draft report with management responses prior to approving the report for release.

Once released to the president, the CAE will issue the report to the chancellor, the Finance & Audit committee and chair, and external oversight entities as required by law. The status of the audits will be reported quarterly to the TSUS Board of Regents.

Upon a showing of extenuating circumstances by management and the component audit director’s recommendation, the CAE may extend the time for response. Management or administrators may request an exit conference at any time during this discussion process prior to release of the final audit report.

02.03 If the TSUS Office of Internal Audit and management disagree about the audit results or the appropriateness of the response, both positions may be included in the audit report. The director, TSUS Office of Internal Audit, Texas State University, will issue the audit report to the president and management upon approval of the CAE.

02.04 The president or vice presidents will ensure that there is adequate consideration of the audit report and appropriate action on audit recommendations.

**03. REVIEWER OF THIS UPPS**

03.01 Reviewer of this UPPS includes the following:

Position Date

Director, Texas State University System, April 1 E5Y

Office of Internal Audit Texas State

University

**04. CERTIFICATION STATEMENT**

This UPPS has been approved by the following individuals in their official capacities and represents Texas State policy and procedure from the date of this document until superseded.

Director, Texas State University System Office of Internal Audit, Texas State University; senior reviewer of this UPPS

President