**External Audits and Auditors UPPS No. 04.03.03
Issue No. 8**

 **Effective Date: 04/01/2022
Next Review Date: 11/01/2026 (E4Y)**

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

**01. SCOPE**

01.01 This policy establishes expected procedures and protocol for external audits.

**02. DEFINITION**

02.01 External Audit – any review or investigation regarding compliance, financial or operational information, safeguarding and verification of assets, economical and efficient use of resources, and effectiveness of operations or programs conducted by external agencies such as public accounting firms, governmental auditors, regulatory offices, and funding sources.

This definition excludes reviews by accrediting bodies and by consultants hired by Texas State University.

**03. PROCEDURES FOR THE MANAGERS OF AREAS AUDITED**

03.01 Any university department or operation that is contacted by an external auditor or funding source about an audit is required to refer them to the director, Texas State University System (TSUS) Office of Internal Audit, Texas State University.

03.02 The head of the department or operation audited should submit responses to external audit findings through their supervisory chain of command for approval prior to release and provide a copy to the director. The director will not prepare responses for other departments but may, if requested by management, review and advise as appropriate.

03.03 If, at any time, the audited or other university departments have questions about the audit or issues raised during the audit, they should consult with the director.

03.04 The head of the department or operation audited should keep a copy of all audit responses submitted, as well as copies of the final audit report, in the department’s master files in accordance with state and university records retention schedules. The head of the department or operation audited should also provide a copy of the final audit report to the director.

03.05 Upon receipt of a final audit report, the head of the department or operation audited has primary responsibility for ensuring that management responses are implemented within the time frame specified.

**04. PROCEDURES FOR THE TEXAS STATE UNIVERSITY SYSTEM OFFICE OF INTERNAL AUDIT**

04.01 The director will function as the liaison between the university and external auditors, coordinating audit efforts, and facilitating their work on campus. In carrying out this responsibility, the director will assist the university by ensuring that:

a. audit efforts minimize unnecessary duplication of work; and

b. external auditors have access to appropriate university information and personnel to ensure that information gathered is relevant, complete, and appropriate.

04.02 The director should advise the external auditor of expected protocol (described in Section 05.).

04.03 The director will ensure that copies of all external audit reports are sent to the chief audit executive (CAE), TSUS Office of Internal Audit.

04.04 The director will include in the TSUS Office of Internal Audit’s quarterly status report any reportable items, including management implementation plans and the completion date provided by management as reported in the external auditor’s audit report. In the event that management cannot or has not implemented plans, the director shall notify the vice president for the area audited, the CAE, and other appropriate administrators to effect implementation or revise procedures, as the circumstances warrant.

**05. PROTOCOL EXPECTED DURING EXTERNAL AUDITS**

05.01 Departments that request delegated authority from the State Auditor’s Office to procure external audit services must comply with [Texas Government Code Section 321.020](http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.321.htm#321.020). External auditors are expected to follow the protocol described in this section when conducting an audit of any department or operation of the university. All audit conferences must include managers of the audited areas, as well as a representative of the TSUS Office of Internal Audit.

a. Auditors, representatives from the TSUS Office of Internal Audit, and officials responsible for the audited areas will hold an entrance conference.

b. Representatives of the TSUS Office of Internal Audit and the audited department will hold interim conferences when significant potential problems are identified.

c. The parties will hold an exit conference to review findings prior to preparing the final report.

d. The divisional vice president will attend or send a representative to all conferences, as warranted.

e. The auditors will submit a draft audit report to the director prior to preparation of the final audit report.

**06. REVIEWER OF THIS UPPS**

06.01 Reviewer of this UPPS includes the following:

Position Date

Director, TSUS Office of Internal Audit, November 1 E4Y

Texas State University

**07. 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