

TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT & COMPLIANCE MONITORING

Internal Audit Plan

Fiscal Year 2020

The Texas Internal Auditing Act requires state agency Internal Auditors to conduct a program of auditing that includes an annual audit plan, is prepared using risk assessment techniques, and identifies the individual audits to be conducted during the year. The following proposed plan meets the requirements of the Texas Internal Auditing Act.

Specific risk factors were considered as they apply to the agency’s significant operational activities. These risk factors included:

- Financial significance
- Reputational significance and visibility
- Complexity; inherent risk; and the potential for abuse
- Prior audit and compliance monitoring results as an indicator of control effectiveness
- Audit recency – internal audit, compliance monitoring (as applicable), KPMG, SAO, and/or Federal auditors
- Changes in mission or key management

A risk-ranked listing of significant operational activities became the basis for the audits proposed for consideration herein.

A. Required Audits

| | <u>Estimated Hours Required</u> |
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| 1. Follow Up of Prior Audits <i>Assess the implementation status of previously reported internal audit findings in the areas of College Access Loan Program, Data Administration and Governance, Formula Funding, Physician Education Loan Repayment Program, and Contract Management.</i> | 460 |
| 2. Self-Assessment of Work Quality, Internal Audit <i>Perform a self-assessment of internal audit work quality, in accordance with the requirements of professional auditing standards.</i> | 130 |
| 3. Investigations <i>Texas Government Code Chapter 321.022, Coordination of Investigations, requires the coordination of investigations between the agency and the Texas State Auditor’s Office. If the administrative head of an agency that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the agency or by a client/department of the agency may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the agency, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report</i> | 335 |

or may monitor any investigation conducted by the agency.

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| 4. | Provide Assistance-External Audit of Agency Financial Statements <i>Internal Audit provides 50 hours of audit support to reduce external audit fees and to increase the level of knowledge of external auditors' assessment of the agency's financial statements and associated risks.</i> | 50 |
| 5. | Ongoing Status Assessment of Corrective Action Plan Implementation to Address NTT Texas and AT&T Cybersecurity Assessment Reports <i>Perform an ongoing status assessment to assess the implementation status of the corrective action plan prepared to address recommendations from the 2017 NTT Texas Cyber Security Assessment Report¹, and from the 2019 AT&T Cybersecurity Assessment Report.</i> | 470 |
| 6. | SAO Performance Measures Follow Up Audit <i>Perform a follow up audit of SAO Performance Measures at the Coordinating Board.</i> | 200 |

B. Risk-Based Audits

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| 7. | Information Security Policy Compliance <i>Review compliance with select provisions of agency information security policy.</i> | 470 |
| 8. | Review of Bonds Program <i>Review the internal administrative activities of bonds for compliance, effectiveness and efficiency. Bonds for FY 2019 were budgeted at approximately \$120 million.</i> | 470 |
| 9. | Human Resources Policy Compliance <i>Review compliance with select provisions of agency human resources policy.</i> | 460 |
| 10. | Review of Contract Management Administration <i>Review of agency contract administration processes for compliance with laws, regulations, policies, and procedures.</i> | 460 |

¹ Texas Administrative Code (TAC) 202 requires an independent review of the state agency's information security program.