

TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT & COMPLIANCE MONITORING

Annual Internal Audit Plan for Fiscal Year 2022

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; and
- Changes in mission or key management.

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

Required and Risk-Based Audits

	<u>Estimated Hours Required</u>	<u>%</u>
1. Follow Up of Prior Audits <i>Assess the implementation status of previously reported internal audit findings in the areas of Academic Grants (3/2020), Select Security Awareness Practices (9/2019), and Formula Funding (5/2021). Review the status of recommendations made by other external auditors, as necessary.</i>	160	5%
2. Carry forward of remaining 2021 Projects <i>Carry forward of remaining work for Review of Selected Grant Programs and Contract Management projects</i>	520	18%
3. Solicit and Host an External Quality Assurance Review of the Internal Audit Function <i>Use competitive solicitation to engage a qualified, independent reviewer to perform an External Quality Assurance Review (QAR) of the Internal Audit Function. An External QAR is required by the Texas Internal Auditing Act, Texas Government Code, Title 10, Subtitle C, Chapter 2102.</i>	160	5%

4.	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 or may monitor any investigation conducted by the agency.</i>	300	10%
5.	Provide Assistance-External Audit of Agency Financial Statements <i>Internal Audit provides 80 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>	80	3%
6.	Data Modernization Initiative Ongoing Review and Advisory Services <i>Review and advise management on the state of governance, risk and controls within and around the Data Modernization Initiative. The Data Modernization Initiative has as its stated vision to "Equip internal and external stakeholders with actionable insight and data vision for decision-making purposes."</i>	470	16%
7.	CRAFT (Customer Relation and Feedback Tracking) System Application Audit <i>Perform an application audit of the CRAFT system to determine if the system adequately protects confidential or sensitive information and is reliable. CRAFT is an internal software application that allows the agency to easily record and track stakeholder inquiries received by phone, email, mail, website, and fax.</i>	320	11%
8.	Governor's Emergency Education Relief (GEER) Funds Review and Advisory Services <i>Review and advise management on the state of governance, risk and controls within and around the use of GEER funds. GEER I funds include \$160 Million of support allocated to pass through to institutions of higher education institutions and \$15 Million of support for specified agency initiatives. An additional \$94 Million has been recently allocated under GEER II to THECB.</i>	470	16%
9.	Audit of the Texas College Work-Study (TCWS) Program <i>Review the internal administrative activities of the TCWS program for compliance, effectiveness, and efficiency. The Texas College Work-Study program appropriations for FY 2021 were approximately \$9.3 million.</i>	440	15%
TOTAL HOURS - Required and Risk-Based Audits		2920	100%