



Transforming How Texas
Government Serves Texas

FISCAL YEAR 2022 INTERNAL AUDIT PLAN

Texas Department of Information Resources
August, 2021

Background

The Texas Internal Auditing Act (Texas Government Code 2102) requires the Texas Department of Information Resources (DIR) Internal Audit function to prepare an annual risk-based audit plan that identifies the individual audits to be conducted during the year. The Fiscal Year 2022 audit plan is designed to cover areas of highest risk to the State and the agency; however, it does not cover all risks. Risks outside the audit plan should be mitigated with adequate internal controls designed by management. The audit plan may be modified during the fiscal year as circumstances change.

Audit engagement objectives proposed in the plan are in general terms. The specific objectives of each audit will be determined by the detailed assessment of the risks at the time the project is initiated.

In addition to the audit projects selected based on the risk assessment, audit hours are also dedicated to non-audit services. Internal Audit is required by law and auditing standards (Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing) to conduct certain activities on an annual or periodic basis such as an annual Internal Audit report, Annual Audit Plan and a Quality Assurance and Improvement Program.

Audit Engagement and Preliminary Objectives	Hours
Risk Based Audits	
Follow Up of Open Recommendations	300
TAC 202 (co-sourced) <i>Determine if DIR's agency information security program complies with the Security Controls Standards Catalog and TAC 202</i>	350
Contract Solicitation Development (outsourced) <i>Determine if contract solicitations are comprehensive and comply with state procurement guidelines.</i>	90
Contract Management and Termination (outsourced) <i>Determine if contract management processes comply with state contract management guidelines.</i>	90
COOP Vendor Reporting of Administrative Fees (outsourced) <i>Determine whether COOP vendors are accurately reporting sales on DIR contracts and are accurately calculating and submitting administrative fees.</i>	150
Telecommunication Audit (outsourced) <i>Determine if telecommunication invoices and services charged are consistent and accurate.</i>	100
Reserve	90
Carryover	50
Projects	
Continuous Auditing Plan and Implementation	350
External Audit Coordination	300
TeamMate Audit Software Setup and Enhancements	20
CPO Consulting Project	220
UT Internal Audit Student Project	50
Required Projects	
Activity and Audit and Finance Subcommittee Charter Review	2
Annual report	50
Risk Assessment and Audit Plan	200
Quality Assurance and Improvement Program	40
Board Meetings	70
Peer Review (Self-Assessment with Independent Validation)	50
Total Hours	2,588

Calculation of Available Hours

Audit hours are based on two approved full-time equivalent employees. Professional standards require internal auditors to obtain at least 40 hours of continuing professional education yearly. Percentages and hours for non-audit hours are based on auditor judgment and experience.

FY 22 Total Available Audit Hours	Chief Audit Executive	Senior Auditor	Total
Total Hours	2,088	2,088	4,176
Non-Audit Hours:			
General Administration	400	300	700
Training	80	80	160
Holidays (13), Vacation & Sick Leave	364	364	728
Total Available Audit Hours	1,244	1,344	2,588

Risk Assessment Methodology

As required, the audit plan was developed using a risk assessment process. Key staff members were interviewed to determine risks and potential fraud in their areas. The process included reviewing various documents including:

- Organizational charts,
- Policies and procedures,
- Prior audit reports and risk assessments,
- DIR's Strategic Plan,
- Applicable laws and rules,
- 2021 Annual Financial Report and Budget,
- Legislative Appropriation Request, and
- Virtual Department Information Sessions presentations.

High-Risk Area	Proposed Activities or Recent Audit History
Asset Management	Review status of recommendations from SAO Audit of Financial Processes (April 2020) and
Business Process Documentation	Review of ConvergePoint policies completed
Cooperative Contracts Vendor Sales Reporting	Audit of COOP Vendors
TAC 202 Compliance	Audit of Compliance with TAC 202
Compliance with statutory requirements	UT Student Support Project
Procurement - Contract Solicitation Development	Audit of Contract Solicitation Development
Procurement and Contract Management	Audit of Contract Management and Termination
Procurement Speed	Audits of Contract Solicitation Development and Management and Termination will address process efficiencies