



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2021 INTERNAL AUDIT PLAN
&
INTERNAL AUDIT CHARTER

RISK ASSESSMENT

The Office of Internal Audit has completed the initial Fiscal Year (FY) 2021 Risk Assessment. The risk assessment is based upon a compilation of operational, financial, regulatory, internal and external data.

The identified risks were ranked based on the inherent impact and likelihood, and the strength of the known existing control. The resulting risk library is grouped into the following categories which were used to define the types of audit coverage:

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|---|--|
| 1. Governance and Oversight | 11. Potential for Fraud |
| 2. Contract Management and Monitoring | 12. Management Controls |
| 3. Financial | 13. Documentation of Policies and Procedures |
| 4. Regulatory Compliance | 14. Appropriate Access |
| 5. Information Security | 15. Supervision and Training |
| 6. Data Integrity | 16. Business Continuity |
| 7. Change Management | 17. Third Party Risks |
| 8. Complexity of Operations | 18. Operational Controls |
| 9. Public Exposure & Sensitivity | 19. Data Reliability |
| 10. Extent of Outsourcing and Contracting | |

This information, combined with the agency's auditable units, were used to identify the possible audit projects. Of the 19 risk categories evaluated, 12 were included in the proposed audit plan.

Figure A identifies the 12 risk categories and the number of associated audits developed and included in the proposed audit plans. In addition, the percent (%) of agency coverage per risk category under the audit plans is provided, as well the program areas to be reviewed per risk category.

Figure A: *Audit Coverage per Risk Category and Program Area*

No.	Risk Category	# of Audits	Audit Plan Coverage %	Program Areas Included by Risk Category
1	Contract Management and Monitoring	5	15.6%	CDR VLB Loans VLB Homes Alamo
2	Governance & Oversight	1	3.1%	Asset Management
3	Financial	2	6.3%	CDR
4	Third Party Risks	4	12.5%	CDR
5	Information Security	3	9.4%	Information Security ETS
6	Operational Controls	1	3.1%	Energy Resources
7	Management Controls	3	9.4%	VLB Cemeteries CDR Alamo
8	Business Continuity	1	3.1%	ETS
9	Regulatory Compliance	9	28.1%	CDR Financial Management Coastal Resources Archives and Records Investment Management
10	Complexity of Operations	1	3.1%	Coastal Resources
11	Change Management	1	3.1%	Human Resources
12	Data Integrity	1	3.1%	CDR
	Total	32	100.0%	14 Program Areas

AUDIT PLAN

The proposed audit plan is designed to maximize the coverage of overall agency risks with available internal and external (contracted) resources. Each project provides the Audit Title, Division, Program Area and Risk Category. The FY2021 plan also lists follow-up projects, other special projects and annual reports that are part of our internal audit activities.

FY2021 AUDIT PLAN				
No.	Audit Title	Risk Category	Division(s)	Program Area(s)
1	Audit of Vendor Procurement	Regulatory Compliance	Community Development & Revitalization Program	Community Development Block Grants – Disaster Recovery (CDBG-DR)
2	Audit of Reporting Compliance for the Federal Funding Accountability and Transparency Act	Regulatory Compliance	Financial Management	Federal Finance Financial Reporting & Accounting
3	Audit of Privacy Controls for Community Development Block Grants	Information Security	Office of Information Security Community Development & Revitalization Program	Information Security CDR- Integration
4	Audit of Agency Cloud Services Management	Information Security	Enterprise Technology Solutions	ETS Information Security
5	Audit of the Gulf of Mexico Energy Security Act (GOMESA) Grant Management	Regulatory Compliance	Coastal Protection	Coastal Resources
6	Audit of Vendor Management (VLB-Land and Housing)	Contract Management and Monitoring	Veterans Land Board L	Loan Operations Enterprise
7	Audit of Vendor Management for the Texas State Veterans Cemeteries	Management Controls	Veterans Land Board	Texas State Veterans Cemeteries
8	Audit of Lease Accounting and Reporting Requirements for Government Accounting Standards Board – Statement No. 87	Regulatory Compliance	Financial Management	Financial Reporting & Accounting Asset Enhancement - Leasing Operations
9	Audit of Agency Business Continuity Planning	Business Continuity	Enterprise Technology Solutions Human Resources	Agency Continuity of Operations Plan
10	Audit of Royalty Reporting	Operational Control	Asset Enhancement	Energy Resources

FY2021 AUDIT PLAN				
No.	Audit Title	Risk Category	Division(s)	Program Area(s)
11	* Audit of Third-Party Compliance (CDBG-DR)	Third Party Risk	Community Development & Revitalization Program	Community Development Block Grants – Disaster Recovery (CDBG-DR)
12	*Audit of Third-Party IT Risks (CDBG-DR)	Third Party Risk	Enterprise Technology Solutions Community Development & Revitalization Program	Community Development Block Grants – Disaster Recovery (CDBG-DR)
13	*Audit of Cash Management for the Economic Development Program (CDBG-DR)	Contract Management and Monitoring	Community Development & Revitalization Program	Community Development Block Grants – Disaster Recovery (CDBG-DR)

(*) *Specifies a Contracted Audit*

FY2021 PLANNED FOLLOW-UP REVIEWS		
Audit Follow-Up Title	Division(s)	Program Area(s)
Audit of Fixed Assets (2011)	Financial Management	Cash Management
Review of Controls – The Alamo (2012)	Financial Management	Cash Management
Audit of Compliance with Texas Administrative Code (TAC) 202 (2013)	Enterprise Technology Services Information Security	Integrated Services Information Security Officer
Audit of Health Insurance Portability and Accountability Act (HIPAA) (2015)	Information Security	Chief Privacy Officer
Audit of the Veterans Land Board Veterans Homes Operations Contract (2016)	Veterans' Land Board	Veterans Homes
Audit of Compliance with Texas Administrative Code (TAC) 202 (2016)	Information Security Enterprise Technology Services	Integrated Services Information Security Officer
Audit of the PSF Externally Managed Portfolio (2017)	Investment Management	Real Assets Portfolio Management & External Funds Management
Audit of Coastal Resources Beach Watch Quality Management Plan (2019)	Coastal Protection	Coastal Resources
Audit of Compliance with Texas Administrative Code (TAC) 202 (2019)	Information Security Enterprise Technology Services	Integrated Services Information Security Officer
Audit of Program Cash Management (2019)	Community Development & Revitalization Program	FEMA Individual Assistance Programs
Audit of Program Vendor Management (2020)	Community Development & Revitalization Program	Direct Assistance for Limited Home Repair Temporary Housing Program
Agency Contract Management and Monitoring Processes (2020)	Contract Management Division	Various
External Projects		
SAO - Audit on Hurricane Harvey Disaster Recovery Funds Administered by the GLO (2019)	Community Development & Revitalization Program	Various
Reviews conducted by Federal Entities of Hurricane Harvey Recovery Efforts Administered by the GLO	Community Development & Revitalization Program	Various

FY2021 MANAGEMENT ASSISTANCE / SPECIAL PROJECTS	
Project Title	Division/Program Area
Internal Audit Quality Assurance Review	Internal Audit
Annual Risk Assessment and Internal Audit Plan	Internal Audit
Annual Report on Internal Audit (SAO)	Internal Audit
Internal Audit Self-Assessment and Independent Peer Review	Internal Audit
Annual Report on the Internal Audit Quality Assurance and Improvement Program	Internal Audit
Special Projects/Investigations	Internal Audit
Liaison for external audits and oversight entities (Federal and State)	Internal Audit
Management Assistance & Other Activities	Internal Audit

() Specifies a Contracted Audit*

Presented by:

FY2021 INTERNAL AUDIT PLANS & INTERNAL AUDIT CHARTER

DocuSigned by:


Tracey Hall
Chief Auditor

9/30/2020

Date


Approval confirms my understanding that resources are adequate for the risks identified in the annual risk assessment to be covered in a reasonable time.

DocuSigned by:


George P. Bush
Texas Land Commissioner

10/3/2020

Date

DocuSigned by:


Mark Havens
Chief Clerk & Deputy Land Commissioner

9/30/2020

Date

INTERNAL AUDIT CHARTER

INTERNAL AUDIT'S PURPOSE AND AUTHORITY

Authority for Internal Audit activities is established by the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing; the United States Government Accountability Office (GAO) Generally Accepted Government Auditing Standards (GAGAS); and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). IIA Standards require Internal Audit to adhere to the definition of internal auditing, the Code of Ethics, Core Principles for the Practice of Internal Auditing, and the Standards contained in the International Professional Practices Framework. The definition follows:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

MISSION

The mission of Internal Audit is “To enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.”

ORGANIZATIONAL REPORTING

Internal Audit reports to the Commissioner and to the Chief Clerk. This reporting relationship provides independence, promotes comprehensive audit coverage, and helps ensure timely and adequate consideration of audit recommendations. The Chief Auditor of Internal Audit serves at the will of the Commissioner and is therefore subject to appointment or removal by the Commissioner.

ASSURANCE AND CONSULTING SERVICES

The work performed by Internal Audit includes assurance and consulting services. For assurance services, Internal Audit determines the nature and scope of the engagement in which it provides an independent opinion or conclusions regarding a process, system, or other subject matter. For consulting or non-audit services, the client generally requests the work and determines its nature and scope, which is typically advisory in nature.

AUTHORITY AND CONFIDENTIALITY

Internal Audit is a staff function with no authority over the daily operations of the agency and no responsibility for making management decisions for the agency. Internal auditors follow strict safekeeping and confidentiality procedures and are granted full, free, and unrestricted access to all agency activities, records, property, and employees.

REPORTING AND RESPONSIBILITY

Internal Audit is free from interference in determining its audit scope, performing its work, and communicating its results. Internal Audit distributes its audit reports to the Commissioner, Chief Clerk, General Counsel and to the appropriate board members and members of General Land Office management. As required by the Texas Internal Auditing Act, internal audit reports are also distributed to the Governor’s Office, State Auditor’s Office, Legislative Budget Board, and Sunset Commission. New audit plans are submitted at least annually and are revised as needed. The act also requires that Internal Audit submit an annual report of its activities to the above entities as prescribed by the State Auditor.

The scope of Internal Audit's responsibilities includes oversight of all activities conducted by the General Land Office, both programmatic and financial. This includes programs that are conducted by the GLO in the capacity of grantee, or pass-through agency for any federal or state grant funds. The scope may also include audits of subrecipients, designated public agencies, and local governments who are recipients or administrators of the associated funds.

Internal Audit is responsible for performing risk-based assessments of the various functions, control systems, and governance processes in the agency and advising management about their condition. The activities involved in performing this role include, but are not limited to:

- Assessing the reliability and integrity of financial and operating information.
- Evaluating compliance with agency plans, policies, and procedures and with applicable laws and regulations.
- Determining the adequacy of controls for safeguarding agency assets.
- Evaluating the effectiveness and efficiency of the agency's use of resources.
- Reviewing the accomplishment of program goals and objectives and assessing their consistency with the agency's strategic plan.
- Using technology-based audit techniques to identify and evaluate key information technology risks and controls.
- Assessing whether the agency's governance process promotes appropriate ethics and values, ensures effective performance management and accountability, and communicates risk and control information to appropriate areas of the organization.
- Assisting in the deterrence, detection, and investigation of fraud.
- Assisting in improving operations by providing services requested by management, such as information, analysis, advice, facilitation, and training.
- Performing other special reviews requested by agency management.

CONTRACTING

If based on the risk assessment, Internal Audit determines that specific areas of risk cannot be addressed by the audit staff, either due to a lack of staff availability, or insufficiency of expertise in the subject matter, the Chief Auditor may contract with an outside audit firm to complete the audit. The contract will be contingent upon the approval of sufficient funding by the Land Commissioner.

CONSULTING SERVICES


If asked to perform consulting services, Internal Audit considers the objective and scope of the services to determine whether performing the work would impair the auditors' independence for conducting future audits in the program area. If an issue or concern arises during a non-audit project, the issue will be brought to program management's attention. Any issue that may be significant to the agency will be communicated to executive management. Concerns or issues identified during the project may be included in a risk assessment of the program area and considered in future audit plans.

QUALITY ASSURANCE AND IMPROVEMENT

Internal Audit maintains a quality assurance improvement program that involves internal and external monitoring of performance. The program is intended to ensure the activities performed add value and help improve the agency's operations, and to provide assurance that work is performed in accordance with Standards, the Code of Ethics, and the Texas Internal Auditing Act.

The Internal Audit activity must be free from interference in determining the scope, performing work, and communicating results of internal auditing.

Presented by:

DocuSigned by:


Tracey Hall
Chief Auditor


9/30/2020
Date

Approved and Accepted by:

DocuSigned by:


George P. Bush
Texas Land Commissioner

10/3/2020
Date

DocuSigned by:


Mark Havens
Chief Clerk & Deputy Land Commissioner

9/30/2020
Date

Certificate Of Completion

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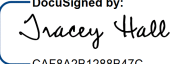
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 Texas General Land Office
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Signature

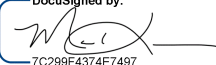
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Mark A. Havens
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 Chief Clerk and Deputy Land Commissioner
 Texas General Land Office
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Commissioner George P. Bush
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 Commissioner, General Land Office
 Texas General Land Office
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Notary Events	Signature	Timestamp
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