



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

OFFICE OF INTERNAL AUDIT

FY2020

ANNUAL INTERNAL AUDIT PLAN & INTERNAL AUDIT CHARTER

RISK ASSESSMENT

The Office of Internal Audit has completed the Fiscal Year (FY) 2020 Risk Assessment for the agency. The risk data was obtained from management interviews regarding activities conducted and administered within their divisions and across the agency. Internal Audit considered management's interest based on input from the Commissioner and the Chief Clerk. This assessment also incorporates data from the agency's strategic plan, appropriated budgets, prior audit issues, as well as input from the audit staff.

The resulting information for all auditable units was analyzed according to fourteen risk factors. The results of that assessment were quantified and used to rank the agency divisions. The division ratings were based on the following risk factors:

1. Management controls
2. Organizational Structure
3. Changes in Organization
4. Complexity of Operations
5. Extent of Government Regulation
6. Public Exposure & Sensitivity
7. Prior Audit Coverage
8. Information Systems Utilized
9. Outsourcing and Contracting
10. Recommendation Implementation Time
11. Budget
12. Potential for fraud
13. Management Interest
14. Overall Risk Matrix

AUDIT PLAN

The proposed audit plan is designed to maximize the coverage of overall agency risks with the available resources. The documented plan also lists follow-up projects, other special projects and annual reports that are part of our internal audit activities.

Following is the proposed FY2020 Audit Plan:

FY2020 AUDIT PLAN			
No.	Audit Title	Division(s)	Program Area(s)
1	Audit of Program Vendor Management of the DALHR Program (Co-Sourced)	Community Development & Revitalization Program	Community Development Block Grants – Disaster Recovery (CDBG-DR)
2	Audit of Program Vendor Management of the Temporary Housing Program (Co-Sourced)	Community Development & Revitalization Program	Community Development Block Grants – Disaster Recovery (CDBG-DR)
3	Risk Assessment and Audit Plan Development for CDBG-DR Programs (Co-Sourced)	Community Development & Revitalization Program	Community Development Block Grants – Disaster Recovery (CDBG-DR)
4	<i>Conduction of identified Audits Resulting from the Developed Audit Plan for CDBG-DR Programs</i>		
5	Risk Assessment and Audits of the Information Technology Environment of CDBG-DR Programs (Co-Sourced)	Community Development & Revitalization Program	Community Development Block Grants – Disaster Recovery (CDBG-DR)
6	Audit of Contract Management and Monitoring Process	Contract Management	Agency Wide
7	Audit of Contract Procurement Process	Financial Management	Procurement
8	Audit of the Budget & Planning Process	Financial Management	Budget & Planning
*	Audit of VLB Pharmacy Contract	Veterans Land Board	Texas State Veterans Homes
*	Audit of the Gulf of Mexico Act (GOMESA) Grant Management	Coastal Protection	Coastal Resources

(*) Identified as "optional" audit project(s), to be conducted by the Office of Internal Audit during the specified audit plan given the availability of time and audit resources.

PLANNED FY2020 FOLLOW-UP REVIEWS		
Audit Follow-Up Title	Division(s)	Program Area(s)
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 Veteran Cemetery Operations (2017)	Veterans' Land Board	Veteran Cemeteries
Audit of the TRECS Application (2017)	Community Development & Revitalization Program	Community Development Block Grants (CDBG)
Audit of the PSF Externally Managed Portfolio (2017)	Investment Management	Real Assets Portfolio Management & External Funds Management
Audit of Coastal Resources Beach Watch Program (2019)	Coastal Protection	Coastal Resources
Audit of Agency Travel Processes (2018)	Financial Management	Travel
Audit of Compliance with Texas Administrative Code (TAC) 202 (2019)	Information Security Enterprise Technology Services	Integrated Services Information Security Officer
External Projects		
SAO - Audit on Hurricane Harvey Disaster Recovery Funds Administered by the GLO (2019)	Community Development & Revitalization Program	Various
SAO - Permanent School Fund (PSF) FY 2019 Financial Statements Audit	Investment Management Financial Management	Various
Reviews conducted by Federal Entities of Hurricane Harvey Recovery Efforts Administered by the GLO	Community Development & Revitalization Program	Various

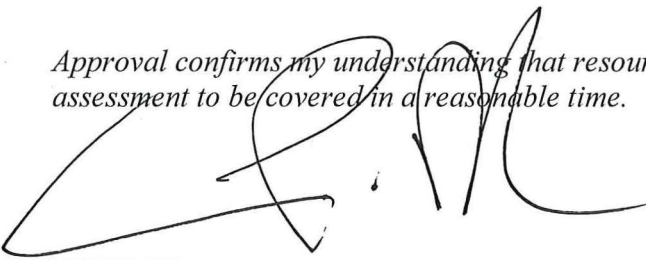
FY2020 MANAGEMENT ASSISTANCE / SPECIAL PROJECTS	
Project Title	Division/Program Area
Review of the Implementation of Recommendations of the Sunset Advisory Commission	Veterans' Land Board (VLB) School Land Board (SLB)
Review of Fixed Assets Inventory Processes (Federal and State Assets)	Financial Management Property Management
Review of Business Continuity and Contingency Preparedness	Agency Wide
Annual Risk Assessment and Internal Audit Plan	Internal Audit
Annual Report on Internal Audit (SAO)	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

Presented by:


 DeQuincy L. Adamson
 Internal Audit Manager

10.31.2019
 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.


 George P. Bush
 Texas Land Commissioner

11.5.19
 Date


 Mark Havens
 Chief Clerk & Deputy Land Commissioner

11.1.19
 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

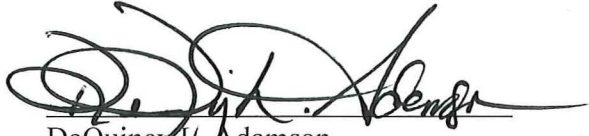
If asked to perform consulting services, Internal Audit considers the objective and scope of the services to determine whether performing the work would impair the auditors' independence for conducting future audits in the program area. If an issue or concern arises during a non-audit project, the issue 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.

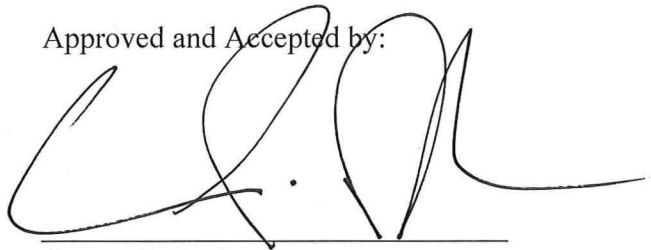
The Internal Audit activity must be free from interference in determining the scope, performing work, and communicating results of internal auditing.

Presented by:



DeQuincy L. Adamson
Internal Audit Manager

10.31.2019
Date

Approved and Accepted by:


George P. Bush
Texas Land Commissioner

11.5.19
Date


Mark Havens
Chief Clerk & Deputy Land Commissioner

11.1.19
Date