

TEXAS TRANSPORTATION COMMISSION

All Counties

MINUTE ORDER

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All Districts

The Texas Internal Auditing Act, Government Code, Chapter 2102, requires the internal auditor to create an annual Internal Audit Plan that is prepared using risk assessment techniques and that identifies the individual audits to be conducted during the year. The Internal Audit Plan must be approved by the state agency’s governing board. In addition, the governing board must periodically review the resources dedicated to the Internal Audit Program and determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately covered within a reasonable time frame.

The Chief Audit and Compliance Officer has developed an Internal Audit Plan for Fiscal Year (FY) 2021, which is set forth in Exhibit A. This Internal Audit Plan includes a list of internal audits aimed at providing assurance and identification for process/program improvement statewide. This Internal Audit Plan identifies the audits to be conducted and the resources available to the Internal Audit Division for FY 2021.

The Chief Audit and Compliance Officer considers the resources for FY 2021 to be adequate to address the risks that warrant audit coverage.

The Internal Audit Plan for FY 2021 is presented to the Texas Transportation Commission (commission) for approval and for a determination that adequate resources exist to ensure that the risks identified are adequately covered.

IT IS THEREFORE ORDERED by the commission that the Internal Audit Plan for FY 2021, as shown in Exhibit A, is hereby approved.

FURTHER, the commission finds that adequate resources have been dedicated to the Internal Audit Program to ensure that the risks identified in the annual risk assessment, including fraud risks, are covered within a reasonable time.

Submitted and reviewed by:

Recommended by:

DocuSigned by:
Benito Ubarra
CBC6AAC800E442E
Chief Audit and Compliance Officer

DocuSigned by:
James M. Bass
A36629BA547D4BD
Executive Director

115849 Sept. 24, 2020

Minute Date
Number Passed

Exhibit A
Internal Audit Plan for Fiscal Year 2021

Texas Department of Transportation
Internal Audit Division

This is the proposed Internal Audit Plan for fiscal year (FY) 2021. It was developed by the Chief Audit and Compliance Officer and Internal Audit Division staff. The Internal Audit Plan includes proposed internal audits to be performed, including the audit resources for FY 2021. This plan will be distributed department-wide after it is approved by the Texas Transportation Commission (Commission). Continuous evaluation of the Internal Audit Plan, based on risks identified, could result in modifications being made during the year. These modifications will be proposed to the Audit Subcommittee and included in the Internal Audit Plan, if approved.

Risk Assessment

The Chief Audit and Compliance Officer, along with Internal Audit Division staff, perform a department-wide risk assessment to develop the Internal Audit Plan. The risk assessment process is also conducted to assign the audit resources and includes review and consideration of:

- Internal Audit Division Risk Assessment
- Input from members of the Commission, Administration, Divisions, Districts, and staff
- Department functions based on objective criteria and professional judgment
- Relevant state and federal legislation
- Professional/industry standards
- Investigative trends
- Prior audit results

The Chief Audit and Compliance Officer will provide quarterly status reports on audit activities to the Commission and Administration and will present the results of completed audits at quarterly Audit Subcommittee meetings.

Internal Audit Plan

The Internal Audit Plan consists of 37 risk-based audit engagements. The audit engagements are divided into eight areas of focus and coverage, as follows:

- Program and Third-Party Monitoring – Activities designed to ensure quality and promote accountability.
- Governance and Program Management – Oversight and validation of frameworks designed to ensure standardization.
- Project Development – Processes that contribute to planning and setting expectations for quality.
- Recurring – Programs, processes, and/or activities that are evaluated on a routine basis.
- Program Optimization – Programs designed to improve operations, while focusing on efficient and disciplined resource management.
- Carryovers in Closing Phase – Engagements not completed in FY 2020.
- Management Action Plan (MAP) Follow-Ups – Evaluation to determine mitigation of risks previously communicated.
- Contingency – Potential areas of coverage to consider based on resource efficiencies.

This internal audit plan is aimed toward providing assurance and/or recommendations regarding the top twenty percent of risks identified as a part of the annual risk assessment.

Internal Audit Plan FY 2021

Program and Third-Party Monitoring (4)

- Materials Testing – Soils and Aggregate
- Material Maintenance Contracts
- Maintenance Project Payment Review and Approval
- Campus Consolidation Phase II: Construction Payments and Transitional Preparedness

Governance and Program Management (5)

- User Access Management
- Security Categorization
- Title VI Goal Setting and Reporting Process
- Lease Accounting Implementation
- Facilities and Asset Management System (FAMIS)

Project Development (2)

- Local Government Project Pre-award
- Plan Review & Bid Estimation Effectiveness

Recurring (6)

- Ferry Operations and Maintenance
- Toll Facilities – Federal Reporting
- Public Funds Investment Act
- Accounts Receivable – Damage Claims
- Information Security Program (TAC 202)
- Policy Governance

Program Optimization (4)

- Post Implementation – Toll Operations Back Office System
- Facility Management – Improvement Assessment, Selection, and Oversight
- TxDOT Business Impact Analysis
- Professional Engineering Procurement Services: Consultant Performance

FY 2020 Carryover in Closing Phase (6)

- Campus Consolidation Phase I: Invoice and Vendor Management
- Lease Accounting Inventory Assessment
- Media Campaign Management
- Non-Contracted Bridge Inspections
- Reporting Integrity: Maintenance Management System
- Tuition Assistance Program

Management Action Plan (MAP) Follow-Ups

- Evaluation to determine mitigation of risks previously communicated

Contingency (10)

- Construction Project Payment Review and Approval
- Grant Reimbursement - Public Transportation (Section 5311)
- Disaster Recovery
- Incident Response
- Human Resources Operations: Performance Assessments
- Peer Review Program Effectiveness
- Performance Measures: Construction Projects
- Rail Safety Inspection Program
- Accounts Payable: Operations
- PCard Support Evaluation

Internal Audit Resources for FY 2021

There are 39 employees allocated to Internal Audit Division for FY 2021. The expected budget for the audit function is \$2.9 million. The employees will be allocated as follows:

Internal Audit Staff	32
Internal Audit Administration Staff	7

The Texas Internal Auditing Act requires the governing board of a state agency to periodically review the resources dedicated to the internal audit program. This helps determine if adequate resources exist to ensure that risks identified in the annual risk assessment are adequately addressed within a reasonable time frame.

The planned resources, i.e., employees and operating budget, are adequate to complete the engagements listed in the Internal Audit Plan. The proposed projects allocate audit resources to the highest priorities and risks of the agency. A continuous risk assessment program and communication with the Audit Subcommittee allows flexibility to address other risk areas that are identified during the year.