

Texas Workforce Commission

Office of Internal Audit

Fiscal Year 2016 Audit Plan



Approved by Commission September 28, 2015

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Overview

The annual audit plan is a guide for the utilization of the department's resources during the fiscal year in order to address the risks of the Texas Workforce Commission (TWC). Audits and other projects selected for review and included on the annual audit plan are those areas that represent risk to the agency based on the various criteria described in this document.

The audit plan is a dynamic document that may change during the fiscal year as circumstances dictate. Continuous reassessment of risk, requests from the Commission, changes in audit resources, and changes in the agency's organization or operations may result in changes to the plan. Any significant changes required of the plan will be presented to the Commission for approval.

Project objectives are described in the plan only in general terms. The specific objective of each audit project will be determined at the time the project is initiated based on a more detailed assessment of relative risks.

The Role of Internal Audit

The Office of Internal Audit (OIA) provides independent, objective audit and non-audit services designed to add value and improve the organization's operations. Internal Audit helps the agency accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In implementing its mission, Internal Audit is guided by the United States Government Accountability Office's (GAO) Government Auditing Standards, the Institute of Internal Auditors' (IIA) International Professional Practices Framework, and the Information Systems Audit and Controls Association's (ISACA) IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals. The Internal Audit Charter, approved by the Commission, also sets forth the purpose, authority, and responsibility of the Office of Internal Audit.

Professional and Statutory Requirements

This document provides the Fiscal Year 2016 audit plan as required by the OIA Charter, GAO and IIA professional auditing standards, and the Texas Internal Auditing Act, Texas Government Code 2102.005. The Act requires state agencies to conduct a program of internal auditing that includes an annual audit plan prepared using risk assessment techniques and identifies the individual audit projects to be conducted during the year.

Types of Reviews

The Office of Internal Audit conducts performance audits and non-audit services, as well as follow-up reviews.

Performance Audits – engagements that provide assurance or conclusions based on an evaluation of sufficient appropriate evidence against stated criteria. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Performance audits provide reasonable assurance that the auditors have obtained sufficient, appropriate evidence to support the conclusions reached. Thus, the sufficiency and appropriateness of evidence needed and tests of evidence will vary based on the audit objectives and conclusions.

Follow-up reviews – a process by which the auditors determine the adequacy, effectiveness, and timeliness of actions taken by management on reported engagement findings and recommendations. This work determines if those actions are achieving the desired results or if management has assumed the risk of not taking corrective action on reported findings. Follow-up reviews are conducted on all previous OIA reported findings, as well as some findings identified by the State Auditor’s Office and other external entities’ reported audit findings.

Non-audit services - advisory and related client service activities which are intended to add value and improve the agency’s governance, risk management, and control processes. Examples include counsel, advice, facilitation, and training. This type of project can only be conducted if providing the non-audit services does not create impairments to independence, either in fact or appearance, with respect to future audit projects.

Development of the Audit Plan

The Office of Internal Audit allocates its resources in a manner that is consistent with the mission and goals of TWC. To support TWC's mission, audit coverage is considered across the agency. The audit plan is designed to provide coverage of key business processes, over a reasonable period of time, given the existing staff.

The following key factors were considered to assess risk and develop the audit plan:

- Commission and Management Interest
- Program and Information Technology Changes or Concerns
- Critical Nature of the Business Function to the Mission of the Agency
- Strength of Internal Controls
- Staff Turnover and Retirement
- Prior Audit Coverage
- Potential for Fraud

In addition to the projects selected based on risk assessment results, audit hours are also dedicated to follow-up reviews and carry-forward projects.

A follow-up review assesses the progress made by management on issues identified in a previous audit. The status of corrective actions are reviewed on a quarterly basis. The audits are scheduled within a reasonable time frame to allow management sufficient opportunity to implement corrective actions.

Internal Audit is also required by laws and auditing standards to conduct certain activities on an annual and/or periodic basis, such as an internal quality control assessment, an annual audit report, and a peer review. Those required activities are also included in the audit plan.

To ensure the auditors maintain a steady workload throughout the year, some audit projects are scheduled to start near the end of one fiscal year and require time in the following year to complete. There are several carry-forward projects identified on the Fiscal Year 2016 audit plan.

Fiscal Year 2016 Audit Plan

Performance Audits

Auditable Units	Objectives	Budget Hours
Business Operations/Information Technology	Audit of IT Procurement Controls - To analyze controls over the new information technology procurement process.	1050
Agency Wide	Audit of Ethics and Compliance - To determine if the agency's culture encourages ethical conduct and commitment to compliance with the law.	650
Agency Wide	Audit of the Risk Management Process - To determine whether the agency risks are identified, assessed, mitigated, and monitored.	900
Business Operations	Audit of Purchasing from People with Disabilities - To determine if the agency is in compliance with enabling statutes.	700
Regulatory Integrity Division	Audit of Subrecipient Monitoring's Equal Opportunity Compliance Function - To determine if the agency is in compliance with enabling statutes.	400
Regulatory Integrity Division	Audit of the Tax Collections Process - To evaluate the efficiency and effectiveness of the tax collections process.	750
Workforce Development Division	Audit of Adult Education & Literacy - To analyze compliance with the legislative intent of senate bill 307.	600
Workforce Development Division	Audit of the Adult Education & Literacy Systems (TEAMS, AEGIS, CREDITS) - To assess controls over data integrity for Adult Education & Literacy information systems.	800
Business Operations	Audit of Controls over Construction and Facilities Management - To perform an internal control review of Construction and Facilities Management.	575
Agency Wide	Follow-up of Prior Findings - To determine the status of corrective actions taken by management to address prior issues reported in audits.	250
Financial Operations	Budget Management (2013-004-50)	150
Human Resources Management	Hiring Process (2013-011-10)	150
Workforce Development Division	Work Opportunity Tax Credit (2014-004-20)	100
Regulatory Integrity Division	Child Labor Law (2013-006-30)	150
Agency Wide	Follow-up of Prior IT Findings - To determine the status of corrective actions taken by management to address prior IT issues reported in audits.	250
External Relations Division	LMCI Configuration Management (2010-011-60)	100

Auditable Units	Objectives	Budget Hours
Agency Wide	Commission Requests - Special requests from the Commission	400

Carry Forward Projects

Auditable Units	Objectives	Budget Hours
Workforce Development Division	Child Care Automated Attendance System	200
Workforce Development Division	Career Schools and Colleges	500
Business Operations	CATS IT Controls	250
Agency Wide	Federal Reporting Accuracy	400
Workforce Development Division/Information Technology	Workforce Systems Change Control	465
Information Technology	Information Security	250
Workforce Development Division/Business Operations	Contracting Processes	240
Regulatory Integrity Division	Collections Processes	250
UI & Regulation	Field Tax Controls	117

In addition to planned audit and non-audit services, Internal Audit has ongoing administrative responsibilities, which include:

- Annual Internal Audit Report issuance
- Annual Risk Assessment and Audit Plan development
- Commission and Management briefings on reports
- TeamMate, website, and database maintenance
- Annual Quality Self-Assessment
- Professional development