

2014 Internal Audit Plan

Introduction

The Internal Audit Division provides assurance and advisory services to help the agency meet organizational goals and objectives. The internal audit function offers independent and objective validation reviews, analyses, and recommendations to assist management with improving efficiency and effectiveness of operations and processes, managing business risk, and improving compliance and accountability of education programs and business partners.

The annual audit plan is required by the Texas Internal Auditing Act (Chapter 2012, Title 10, Govt. Code, Vernon's Texas Codes Annotated), Governmental Auditing Standards and the International Professional Practices Framework promulgated by the Institute of Internal Auditors (IIA).

In accordance with Texas Education Agency Operating Procedure 02-02, the audit plan was submitted to the Commissioner for approval on October 29, 2013. Chapter 2102 of the Government Code requires that the Internal Audit Plan include audits identified in a risk assessment and requires periodic audits of major systems and controls.

Acceptable Level of Risk

While the list of proposed audits is the result of consideration from a wide-ranging scope of auditable activities, it does not address or provide coverage for all of the agency's components or systems. The division's goal is to optimize its resources to provide reasonable coverage in the areas believed to require the most attention. Due to a variety of factors, some activities that could warrant review may not be carried forward to the list of proposed audit projects, but each received consideration.

Fiscal Year 2014 Internal Audit Schedule

The following list represents approved audits to be conducted during FY 2014 and follow-up to FY 2013 audit recommendations:

Texas Education Agency
Approved Internal Audit Schedule
Fiscal Year 2014

Audit Title
Review of LEA Self-Reported Data(1)
Protecting Confidential Student Data
Process Review of Financial Compliance Division
Fingerprinting Administration
Student Success Initiative (SSI) Contracts
HUB Compliance
Bilingual/Limited English Proficiency Program

(1) Carry forward from FY 2013 Audit Schedule.

Follow-up on Previous Audits
LEA Intervention and Sanctions
IT Governance and Performance Review
Review of LEA Self-Reported Data
ESC Contracts and Grants

Other Activities

A percentage of the available total audit hours are allocated to planning, administrative and other special projects. These projects include advisory services, investigations, audit follow-up and external auditor liaison duties.

Advisory Services: Part of the Internal Audit activities is involved in providing advisory services to management. Internal audit members participate in agency committees and work groups as needed or requested by senior management. In participating in these activities, advice and suggestions are provided on management issues, concerns and proposed policies and procedures.

Audit Follow-up: Follow-up is an important part of the audit effort and is required by professional standards. The purpose of a follow-up is to determine the status of audit recommendations. Follow-up continues until all recommended actions and management action plans are implemented or the specific risk reported is otherwise mitigated.

External Audit Liaison: Internal Audit serves as the liaison with the State Auditor's Office and other external audit groups having oversight responsibility for agency

activities. The division's goal in the role of liaison is to provide assistance to the extent that professional and organizational reporting responsibilities allow.

Time is allowed in the budget for special projects, investigations, and follow-up to external and internal audit report recommendations. The auditee's missions and characteristics will determine the audit objectives for the audits of cost centers identified through the risk assessment. Audit objectives may assess auditee performance in five possible areas: accomplishment of goals and objectives; compliance; economy and efficiency; reliability and integrity of information; and safeguarding of assets.

Organization and Staffing

The Internal Audit Division reports directly to the Commissioner of Education and is currently authorized two full-time senior level positions (including internal audit director). Although the Division is small, the current audit staff collectively has over 30 years internal auditing experience at TEA and over 50 years public sector auditing experience.

Professional certifications include:

- Certified Internal Auditor (CIA)
- Certified Public Accountant (CPA)
- Certified Government Auditing Professional (CGAP)
- Certification in Risk Management Assurance (CRMA)

Quality Assurance

Quality assurance is an important component in providing high quality auditing services. The quality control system includes policies and procedures to evaluate compliance with professional standards and applicable legal and regulatory requirements, a continuous monitoring and assessment program, and an external quality assurance review (QAR) every three years.

Since the Internal Audit Division is a small audit shop, internal assessments normally involve ongoing reviews of the performance of the internal audit activity through performance benchmarks, and performing a self-assessment in preparing for the periodic QAR. The Internal Audit Division had a QAR in November 2010 and received the rating of "fully complies." The next external QAR is scheduled for December 2013.